

ZAMBIA ELECTRONIC CLEARING HOUSE LIMITED

CHEQUE IMAGE CLEARING

AND

DIRECT DEBIT AND CREDIT CLEARING RULES



ZAMBIA ELECTRONIC CLEARING HOUSE LIMITED

CHEQUE IMAGE CLEARING AND DIRECT DEBIT AND CREDIT CLEARING RULES

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PART I: GENERAL

1 PURPOSE

- 1.1 To establish the terms and conditions for the clearing and settlement of payment instruments and payment instructions through ZECH for Member/Participating Banks of ZECH, for the governance of the operations of the ZECH and for matters incidental thereto.
- 1.2 This Document is intended to help standardise the operations of the PIC and DDACC Payment Streams in line with the National Payment System Reform Programme and encourage the banking industry to take advantage of new business methods, technology, facilities offered by ZECHL and help remove redundant practices.
- 1.3 The intention of this document is to standardise DDACC and its application for all Service Providers.
- 1.4 The requirements detailed in this document are mandatory and are found in each appropriate section. In order to ensure rule clarity and avoid ambiguity the words 'must' and 'shall' are used in the text.
- 1.5 The document is intended for Service Providers (Service Providers, Payers and Beneficiaries) and Banks who are required to apply the rules of DDACC and operate within the set procedures as defined.
- 1.6 Reference to Paying Banks' procedures and responsibilities are for the Service Providers' information only.
- 1.7 Paying Bank charges for direct debit or credit fall within the banker-customer terms and conditions of each Paying Bank and as such are outside the scope of these rules.
- 1.8 DDACC shall be used to collect amounts or make payments in Kwacha only within Zambia. Participating banks shall not accept foreign exchange amounts for collection.

2 COMMENCEMENT

With effect from 1st March, 2001 or as amended from time to time this document shall be referred to in the various aspects of electronic clearing of the Direct Debits and Credit Clearing (DDACC) and CIC. No departure from the rules shall be allowed. If in doubt as to interpretation or application of these rules, contact the Bankers' Association of Zambia (BAZ) or the Zambia Electronic Clearing House Limited (ZECHL).

3 INTERPRETATION

In these rules unless inconsistent with the context or subject matter of a particular clause, the words and phrases following shall have the meanings stated below:

3.1 Acknowledgement

Confirmation by the Service Provider to the Service Provider of lodgement of a DDM.

3.2 Advance Notice

The notice period (normally 14 working days) given to the Payer in respect of the date of debiting and the amount to be debited, in accordance with section 4.



- 3.3 Amalgamation of Payments**
Multiple or combined payments relating to more than one contract collected, under a single DDM.
- 3.4 Assistant Manager**
The Controlling Officer of the ZECH.
- 3.5 Bank**
A company that holds a banking license under the Banking and Financial Services Act 2000.
- 3.6 BAZ**
The Bankers' Association of Zambia.
- 3.7 BOZ**
The Bank of Zambia.
- 3.8 BCR**
Batch Control Record
- 3.9 Business Day**
Any day that is not a Saturday, Sunday or a Zambian national holiday.
- 3.10 CI**
Cheque Image
- 3.11 CIC**
Cheque Image Clearing.
- 3.12 CLC**
Code line Clearing
- 3.13 Closed Branch Advice Notice**
A Notice generated by the Paying Bank when a sort code is marked closed. The Notice is sent to the Service Provider advising the Payer's new account details.
- 3.14 Counter Claim**
A claim raised by the Service Provider against the Paying Bank following settlement of an Indemnity Claim, which the Service Provider believes to be unjustified.
- 3.15 Clearing**
The exchange of Eligible Items by ZECH Member/Participating Banks/Participating Non-banks.
- 3.16 Clearing Centre**
This is a centre from where each bank's electronic files are pooled for transmission to the ZECH.
- 3.17 Collecting Member**
A ZECH Member that sends Eligible Items through the ZECH
- 3.18 Consolidated Net Settlement Position or CNSP**
The sum of all Net Settlement Positions from all sessions reported to the Assistant Manager of the ZECH for Settlement.
- 3.19 Consolidated Net Settlement Statement**
The statement prepared by the ZECH of the Member/Participating Banks' consolidated Net Positions to the Bank of Zambia for Settlement



- 3.20 **CSV**
Comma Separated Value.
- 3.21 **DDACC**
Direct Debit and Direct Credit Clearing.
- 3.22 **DDM (Direct Debit Mandate)**
The authority signed by the customer allowing the Service Provider to collect Direct Debit payments from the customer's account.
- 3.23 **Debit Notes**
Debit Notes are usually raised to cover handling charges for services rendered by a bank that is not the organisation's parent bank. These are mainly related to processing the organisation's employees' salaries.
- Where a bank requires to recover the cost of its services from an entity which is not its customer, the beneficiary bank shall request that entity to issue a separate cheque for the commission charge plus VAT.
- In this way, the cheque relating to the service charge shall be processed normally thereby avoiding the raising of debit notes altogether.
- Other cross-bank fees shall be handled in like manner.
- 3.24 **Direct Debit**
A payment of an agreed amount collected from a customer's Bank account by a Service Provider through their Bank. The amounts and dates may vary from payment to payment.
- 3.25 **Direct Debit Guarantee**
The assurance offered by the Paying Banks in respect of the DD specifying Payers rights / safeguards.
- 3.26 **Disaster Recovery Site**
The Disaster Recovery (DR) site for the ZECH is in Kitwe.
- 3.27 **Discrepancy Files**
Discrepancy Files refers to files used to correct the wrongly captured amounts by the Collecting bank and should be sent by Paying Bank any time after the close of a session without time limitation irrespective of the accounts' status.
- The Paying Bank shall not be allowed to send discrepancy transactions as unpaids.
- In the event that the Paying Bank sends discrepancy transactions as unpaids, the Paying Bank shall be panalised.
- 3.28 **EDF**
Electronic Data File
- 3.29 **EFT**
Electronic File Transfer
- 3.30 **EFTPOS**
Electronic Funds Transfer Point of Sale.
- 3.31 **Eligible Item**



Any Payment instrument (physical or electronic), which is permissible for exchange under these rules.

3.32 Fixed Amount or Date DDM

A DDM where the amount to be collected is fixed with respect to amount and / or date.

3.33 Indemnity

A document which contains a legally binding undertaking by the Service Provider to make payment to a Paying Bank in response to an Indemnity Claim. An Indemnity, in standard form is an essential requirement of DD.

3.34 Indemnity Claim

A claim made by the Paying Bank on a Service Provider in respect of an incorrect Direct Debit being applied to an account.

3.35 Member Bank

A Member Bank is a Bank that both owns shares in ZECHL and participates in the Interbank Clearing and Settlement system.

3.36 MICR

Magnetic Ink Character Recognition

3.37 Net Settlement Position

The balance arrived at (Net Credit or Net Debit), after offsetting all cleared Eligible items (inwards" clearing) on ZECH Member, against all cleared Eligible Items ("Outwards" Clearing) in respect of a designated net settlement session.

3.38 NSS

Net Settlement Schedule

3.39 Net Credit

A positive Net Settlement Position

3.40 Net Debit

A negative Net Settlement Position

3.41 Participating Bank

A Participating Bank is a Bank that directly participates in the Interbank Clearing and Settlement system but does not own shares in ZECHL or a bank that directly participates in the Interbank Clearing but settlement is through a Sponsor Bank.

3.42 Participating Non-bank Financial Institution

A Participating Non-Bank Financial Institution is a Non-Bank Financial Institution that directly participates in the Interbank Clearing but settles its settlement obligations through a Settlement Sponsor Bank.

3.43 Payer

The person who by signing a DDM has given authority for his account to be debited by the Paying Bank using DDACC.

3.44 Payer's Branch

The Paying Bank holding the Payer's account to be debited.

3.45 Paying Bank Branch

The Bank Branch maintaining the Payer's account to be debited.



- 3.46 Paying Member**
With respect to any Eligible Item, the ZECH Member who is obliged to settle.
- 3.47 Payment Date**
The date when a Direct Debit is due to be debited to the Payer's account in accordance with the DDM.
- 3.48 Recalls (Recall Files)**
Recalls refers to files erroneously generated and initiated by the Originating Bank within the same session.
- 3.49 Reference Number**
The number allocated by the Service Providers to each individual DDM which should be the customer account number with the Service Provider.
- 3.50 Refund Request**
A claim made by the paying Bank to request a refund from the Service Provider as a result of Paying Bank error.
- 3.51 Re-presented Direct Debit**
A re-presented Direct Debit is a debit which has been previously returned unpaid by the Paying Bank and is represented by the Service Provider for collection.
- 3.52 Reversal Files**
Reversal Files refers to files erroneously generated, processed and participated in the day's clearing and have to be reversed by the Originating Bank which shall not be older than 5 business days for both CIC and EFT.
- Beyond 5 days, there will be no validation. Banks will send Reversal files as per Clauses 38.3.2 and 48.3.2.
- No debit mandate will be required to effect reversal transactions on customers' accounts.
- 3.53 Returned Item**
Any Eligible Item returned by the Paying or Receiving Bank to the Collecting or Presenting Bank for any reason within the time, allowed.
- 3.54 Service Providers**
These are the organisations authorized to participate in the Direct Debit and Credit Clearing stream.
- 3.55 Settlement**
The discharge of settlement obligations by Participating Banks through their current accounts held at the Bank of Zambia by either debiting or crediting their consolidated net settlement position.
- 3.56 Settlement Instruction**
An instruction given to Bank of Zambia by a Member/Participating Bank or by the ZECH to effect settlement of one or more payment obligations or to discharge any other obligation of one Member/Participating Bank to another Member/Participating Bank
- 3.57 Settlement Obligation**
An indebtedness that is owed by one Member/Participating Bank to another Member/Participating Bank as a result of one or more settlement instructions
- 3.58 Settlement Sponsor Bank**



A Settlement Sponsor Bank is a bank that settles the settlement obligations on behalf of a Participating Bank/Non-Bank.

3.59 Sponsor Bank

A bank maintaining the Service Provider's account

3.60 Undue Enrichment

A financial benefit received by a ZECH Member/Participating resulting from errors in clearing or delays in providing cleared funds to a beneficiary.

3.61 Unpaid Eligible Item

An Eligible Item that is returned unpaid by the Paying Bank e.g. due to insufficient funds. It can be a cheque, debit voucher etc.

3.62 Unpaid Direct Debit

A Direct Debit that is returned unpaid by the Paying Bank, e.g. due to insufficient funds.

3.63 Unpaid Direct Debit Reason Codes

A series of codes used to denote the reason for returning a Direct Debit unpaid.

3.64 ZECHL Member/Participating Bank/Participating Non-bank Financial Institution

A Bank or Non-Bank Financial Institution that has been allowed to directly participate in the Interbank Clearing in terms of these Rules.

3.65 The ZECH

The Zambia Electronic Clearing House is an interbank clearing facility operated by ZECHL.

3.66 ZECHL

Zambia Electronic Clearing House Limited, a limited liability company jointly owned by BOZ and BAZ established to conduct interbank clearing business.



4 DESCRIPTION OF ZECH

The Zambia Electronic Clearing House (ZECH) shall operate from Monday to Friday with the exception of national holidays.

- 4.1 A Board of Directors shall manage ZECHL.
- 4.2 The Board of Directors of ZECHL shall appoint a Committee from among ZECH Member/Participating Banks/Non-banks to be responsible for ensuring that ZECHL operations are undertaken in strict conformity with these rules.
- 4.3 The ZECHL Management Committee shall among other things enforce these Rules for the efficient operations of the ECHs.
- 4.4 The daily business of ZECH shall be conducted under the supervision of the ZECHL, which shall be responsible for the discipline of the Member/Participating Banks' representatives and the staff of the ZECH.

5 OPERATIONS OF THE ZECH

- 5.1 The Zambia Electronic Clearing House (ZECH) shall operate from Monday to Friday with the exception of national holidays.
- 5.2 The ZECH shall provide facilities for the clearing of Eligible Items from various payment streams for values not exceeding the following thresholds, or as decided by BAZ from time to time;
 - 5.2.1 K100,000.00 for Cheque Image;
 - 5.2.2 K100,000.00 for Direct Credits;
 - 5.2.3 K50,000.00 for Direct Debits.
- 5.3 Notwithstanding Clause 5.2 above, the ZECH shall process High Value Direct Credit transactions as a Business Continuity channel when the Zambia Interbank Payment and Settlement Systems (ZIPSS) is not available, as shall be advised by the Bank of Zambia from time to time. Under these circumstances, it shall be the responsibility of the sending (paying) bank to ensure that it has sufficient credit balance at the Bank of Zambia to settle its obligations.
- 5.4 The ZECH shall operate in Lusaka with Kitwe being the DR site. .
- 5.5 All ZECH Member/Participating Bank/Non-banks shall participate in the Lusaka Electronic Clearing House (LECH) and as a contingency, the Kitwe Electronic Clearing House (KECH) to clear Eligible Items.
- 5.6 The cleared Eligible Items ("Inwards" and "Outwards") for each designated clearing session for CIC shall be netted to determine a Net Settlement Position.
- 5.7 The cleared payment instructions for DDACC and CIC shall be netted, separate and, to generate Net Settlement Positions.
- 5.8 The ZECH shall be responsible for notifying the Bank of Zambia of the Net Settlement Position of the ZECH Member/Participating Bank/Non-banks.
- 5.9 The ZECH shall transmit the Net Settlement Positions of the ZECH Member/Participating Bank/Non-banks for the designated clearing sessions for CIC to the Bank of Zambia for settlement at the designated settlement times.



- 5.10 The ZECH shall transmit the Net Settlement Positions of the ZECH Member/Participating Bank/Non-banks for designated clearing sessions for DDACC to the Bank of Zambia for settlement at the designated settlement times.
- 5.11 The ZECH and ZECH Member/Participating Bank/Non-banks shall agree on the files and reports to be transmitted electronically to and from the ZECH and ZECH Member/Participating Bank/Non-banks.
- 5.12 Where a ZECHL Member/Participating Bank/ Participating Non-Bank Financial Institution has more than one branch in a town, each branch shall be required to transmit all Eligible Items to the Designated Clearing Centre.
- 5.13 In the event that there is an industry problem, the ZECH may extend the closing time of a Clearing Session specified in Schedule IV

6 COMMUNICATION PROTOCOLS

- 6.1 Each ZECH Member/Participating Bank/Non-bank shall enter into a communication agreement with ZECH and undertake to abide by the Communication Protocol laid down in respect of the transmission and delivery of files.
- 6.2 The Communication Protocol shall include the Encryption/Decryption to be applied at both the Bank and ZECH and the Presenting Bank's Representatives authorised to;
 - 6.2.1 access the ZECH Member/Participating Bank/Non-bank's database at ZECH.
 - 6.2.2 to transmit and receive electronic files.
 - 6.2.3 to confirm transmission of electronic files.
 - 6.2.4 to authorise processing of each electronic file.
 - 6.2.5 to receive messages in respect of incorrect file.
 - 6.2.6 to correct and retransmit files, which were rejected as incorrect.
- 6.3 Each ZECH Member/Participating Bank/Non-bank shall make available to ZECH a list of authorised signatories to the ZECH Member/Participating Bank/Non-bank's database maintained by ZECH.

7 MEMBERSHIP IN THE ZAMBIA ELECTRONIC CLEARING HOUSE

7.1 Membership in ZECHL

- 7.1.1 Membership is restricted to licensed commercial banks that hold shares in ZECHL.

7.2 Application for Membership

- 7.2.1 Application for membership shall be restricted to banks licensed in Zambia by the Bank of Zambia.

7.2.2 Consideration for admission to Membership

- 7.2.2.1 Among other considerations, a Bank's admission to membership shall not be in conflict with the laws or usual custom and usage of the Zambia payment systems.

7.2.3 Consideration for applications for direct participation in the ZECH

- 7.2.3.1 Only Commercial Banks or Non-Bank Financial Institutions licensed by the Bank of Zambia are eligible to apply for direct participation in the ZECH and may not necessarily own shares in ZECHL.

8 PARTICIPATION IN THE INTERBANK CLEARING SYSTEM

8.1 Application For Participation in the Interbank Clearing System



8.1.1 A Commercial Bank or a Non-Bank Financial Institution may apply for participation in the ZECH in writing to the BAZ stating the name of the Settlement Sponsor Bank for assessment..

8.1.2 The approval period shall take not more than 90 calendar days from the day of submission to the BAZ. The applicant may be informed of the extension if the assessment takes more than 90 calendar days.

8.2 ZECH Requirements Before Admission in the Interbank Clearing System

8.2.1 A New Bank or Non-Bank Financial Institution shall provide a copy of the Banking License or a Financial Institution License to ZEHL;

8.2.2 Prior to commencing participation in the interbank clearing system ZEHL shall undertake an on-site inspection of the clearing facility as regards physical environment, hardware (PCs, Scanners, Fibre Optic Network) and personnel;

8.2.3 The New Bank or Non-Bank Financial Institution shall pay a one-off Entrance Fee of K10,000.00 (Kwacha Ten Thousand only);

8.2.4 The New Bank or Non-Bank Financial Institution shall contribute to the monthly ZEHL budget based on volume or the average volume of the least three banks. From time to time, the bank or Non-Bank Financial Institution shall be required to contribute towards infrastructural developments at the ZEHL.

8.2.5 The New Bank or Non-Bank Financial Institution shall be required to establish adequate facilities, policies and procedures to satisfy all the requirements of participating in the inter-bank clearing system, as prescribed by ZEHL from time to time;

8.2.6 The New Bank or Non-Bank Financial Institution shall be required to maintain adequate facilities for business continuity and disaster recovery;

8.2.7 The New Bank or Non-Bank Financial Institution shall acquire a dedicated PC for EFT processing;

8.2.8 The New Bank or Non-Bank Financial Institution shall acquire software for processing EFT;

8.2.9 The New Bank or Non-Bank Financial Institution shall acquire a dedicated PC for processing CIC;

8.2.10 The New Bank or Non-Bank Financial Institution shall acquire software for processing CIC;

8.2.11 The New Bank or Non-Bank Financial Institution shall acquire scanners for capturing cheques;

8.2.12 The New Bank or Non-Bank Financial Institution shall acquire a dedicated Fibre Optic connectivity for the transmission of files to the ZECH;

8.2.13 The New Bank or Non-Bank Financial Institution shall train its clearing staff in all inter-bank clearing processes (ZEHL may assist where necessary);

8.2.14 The New Bank shall advise ZEHL the name of its appointed Cheque Printers. Where the appointed Cheque Printers are not accredited by the Cheque Standards Committee, the New Bank shall apply and make the necessary arrangements for accreditation of the specified Cheque Printers;

8.2.15 Where the Cheque Printers are already accredited, the bank shall submit sample cheques to ZEHL for testing;

8.2.16 The New Bank or Non-Bank Financial Institution shall be required to undertake full testing of all EFT and CIC file transmission to the ZECH;

8.2.17 ZECH shall furnish the New Bank or Non-Bank Financial Institution with the Clearing House Interface Client for file processing.

8.3 Participation in the Interbank Clearing System

8.3.1 A Commercial Bank or a Non-Bank Financial Institution that has been approved by the BAZ shall directly participate in the Interbank Clearing.

8.3.2 The Bank's or the Non-Bank Financial Institution's admission shall not be in conflict with the laws or usual custom and usage of the Zambia payment systems.



- 8.3.3 The Bank or Non-Bank Financial Institution shall have established adequate facilities, policies and procedures to satisfy all requirements of the ZECH as shall be prescribed by the ZECH from time to time.
- 8.3.4 The Bank or Non-Bank Financial Institution shall maintain adequate facilities for business continuity and disaster recovery as shall be prescribed by BAZ from time to time.
- 8.3.5 The Bank or Non-Bank Financial Institution shall have complied with all the prudential regulations and other Financial System Supervision and Payment Systems requirements of the Bank of Zambia.
- 8.3.6 The Bank's or Non-Bank Financial Institution's admission to the ZECH shall not adversely affect the integrity and efficiency of the clearing system..
- 8.3.7 The Bank or Non-Bank Financial Institution shall agree to pay any entrance fees required of any new ZECH Participating Bank/Institution and any subscriptions or charges that the Executive Committee of the BAZ may require of all Participating Banks/Institutions of ZECHL.
- 8.3.8 A new bank or Non-Bank Financial Institution shall immediately be allowed direct participation in the Interbank Clearing (IBC) System upon meeting the ZECH requirements.
- 8.4 Admission of a Bank to Participate in the Interbank Clearing System**
- 8.4.1 Upon the BAZ Executive Committee's approval of the application for a Bank to participate in the ZECH, the applicant shall transfer sufficient securities to the Bank of Zambia as collateral for failure to settle mitigation.
- 8.4.2 The Bank of Zambia shall confirm in writing to the BAZ and ZECHL that the applicant has transferred to the Bank of Zambia sufficient eligible securities as collateral to satisfy the requirements specified in Clause 15 of these Rules.
- 8.4.3 When sufficient collateral as specified in Clause 15 is transferred to the Bank of Zambia, full participation in the ZECH shall be confirmed by the ZECH in writing to all Participating Banks of the admission of the new bank.
- 8.4.4 Upon receiving confirmation from the BOZ that the applicant has satisfied the ZIPSS requirements, and upon satisfying the ZECH entry requirements, ZECHL shall approve the eligibility of the new Participating Bank/Institution in writing.
- 8.4.5 Once the applying bank is approved for participation and the collateral specified by the Bank of Zambia has been placed in trust with the Bank of Zambia, the ZECHL shall notify the Bank of Zambia and all ZECH Participating Banks/Institutions of the date the bank will commence participating in the ZECH.
- 8.5 Admission of a Non-bank Financial Institution to Participate in the Interbank Clearing System**
- 8.5.1 Upon the BAZ Executive Committee's approval of the application for a Non-Bank Financial Institution to become a Participating Institution in the ZECH:
- 8.5.1.1 The Settlement Sponsor Bank shall apply to BOZ for authority to settle settlement obligations on behalf of the Non-Bank Financial Institution.
- 8.5.1.2 BOZ shall confirm in writing to the BAZ and ZECHL that the Settlement Sponsor Bank has been authorised to settle settlement obligations on behalf of the Non-Bank Financial Institution.
- 8.5.2 When the Non-Bank Financial Institution fulfills the requirements in Clause 8.5.1 above, full participation in the ZECH shall be confirmed by the ZECH in writing to all Participating Banks/Non-bank Financial Institutions of the admission of the Non-Bank Financial Institution and the date it will commence participating in the ZECH.
- 8.6 Participation in the Settlement System by Participating Banks & Non-Bank Financial Institutions**
- 8.6.1 Only Participating Banks shall participate in the Settlement System.
- 8.6.2 Settlement by Non-bank Financial Institutions shall be via a Settlement Sponsor Bank.
- 8.6.3 Participating Banks shall satisfy the Failure to Settle Arrangements as provided for in Clause 15 of these rules.



8.7 **Compliance**

- 8.7.1 Participating Banks/Institutions in the ZECH shall comply with and abide by the laws, procedures and practices of Banking in Zambia including but not limited to those pertaining to the handling of Eligible Items.
- 8.7.2 Participating Banks/Institutions in the ZECH shall comply with and abide by these Rules or as the same may be amended from time to time by notice in writing to the ZECH Member/Participating Banks/Non-Banks.

9 **RESPONSIBILITIES OF ZECHL**

- 9.1 ZECHL shall be responsible for the efficient and proper management and operations of the ZECH.
- 9.2 The ZECH shall provide hard copies of images of Eligible Items that have been processed through the Electronic Clearing House upon the written request of Member/Participating Banks.
- 9.3 The ZECH is responsible for the Consolidation of the Member/Participating Banks' Net Settlement Positions.
- 9.4 The ZECH shall ensure that the sum of all Member/Participating Banks' Net Settlement Positions shall always equal to zero and each settlement statement shall be duly signed by an authorized ZECH official.
- 9.5 The ZECH may, in exceptional cases and at its discretion, allow Member/Participating Banks whose clearing is delayed up to fifteen minutes grace period after the presentation time.

10 **THE ROLE OF ZECHL**

- 10.1 ZECHL shall be responsible inter alia for:
 - 10.1.1 Determining the Net Settlement Positions for Eligible Items cleared through the ZECH.
 - 10.1.2 DDACC shall be consolidated separately.
 - 10.1.3 The balance of each ZECH Member/Participating Bank/Non-bank from the Net Settlement Statement (the Consolidated Net Settlement Position for the Member) shall be communicated by the ZECH electronically.
 - 10.1.4 The ZECH shall transmit through RTGS the Net Settlement Position for each settlement session of each ZECH Member/Participating Bank/Non-bank to the Bank of Zambia.
 - 10.1.5 The NSP statement in respect of CIC is accepted by participating Banks as authority for Bank of Zambia to credit or debit their accounts in Bank of Zambia's books accordingly under date of delivery to Bank of Zambia of the Net Settlement Position of each Member/Participating Bank.
 - 10.1.6 The NSP statement in respect DDACC is accepted by participating Banks as authority for the Bank of Zambia to credit or debit their accounts in Bank of Zambia's books immediately at the time the statement is received by Bank of Zambia with the Net Settlement Position of each Member.
 - 10.1.7 Accordingly the Member/Participating Banks of ZECHL by signing this document shall have indemnified the Bank of Zambia against any consequences arising out of incorrect figures furnished to the Bank of Zambia by ZECHL.
 - 10.1.8 Where Bank of Zambia notifies the ZECH that Settlement cannot be arranged and that a particular Member/Participating Bank of ZECHL has failed in terms of Clause 15 of these rules then the procedures detailed in Clause 16 of these rules shall be followed.



10.1.9 The ZECH shall be responsible for the discipline and in the event of any dispute arising between member banks, its decision shall be accepted and the dispute subsequently resolved by the Member/Participating Banks concerned..

10.1.10 The ZECH shall be seen to be very independent of individual or groups of Member/Participating Banks.

10.2 The ZECHL Management Committee

10.2.1 Meetings

10.2.1.1 A meeting of the ZECHL Management Committee may be called by the Chairperson at any time and shall be called on the written request of a ZECHL Member. Such a request shall state the objective of the meeting.

10.2.1.2 A quorum shall be at least half of the number of committee Member/Participating Banks plus one.

10.2.1.3 Each Member of the ZECHL Management Committee shall have one vote for each branch of his/her ZECH Member/Participating Bank/Non-bank presenting Eligible Items at ZECHL.

10.2.1.4 The ZECHL Management Committee shall decide issues on a simple majority vote.

11 RESPONSIBILITIES OF THE BANK OF ZAMBIA

11.1 The Bank of Zambia shall be a Member of the ZECHL and shall participate in the Clearing service to the same extent as any other Member provided that this does not derogate Bank of Zambia from any powers vested in it to supervise and regulate the financial and payment systems. These powers include the powers to supervise payment systems and Clearing Houses.

11.2 The Bank of Zambia shall agree in writing to all new or changed payment system rules; clearing rules, constitutions and related arrangements and agreements. The Bank of Zambia may also require changes to be made to payment system or Clearing House rules.

11.3 Lender of Last Resort Facility

11.3.1 The Bank of Zambia shall consider requests for loans to Member/Participating Banks strictly in conformity with the Bank of Zambia Act. The approval of the Bank of Zambia Board will be required before any advances are made. No automatic overdraft shall be extended to ZECH Member/Participating Bank/Non-banks by Bank of Zambia.

11.4 Provision of Current Accounts.

11.4.1 The Bank of Zambia shall provide current account facilities for the Settlement of Consolidated Net Settlement Positions of ZECH Member/Participating Bank/Non-banks. The Net Consolidated Settlement statement is accepted by Member/Participating Banks as authority for the Bank of Zambia to credit or debit their accounts in its books accordingly under date of delivery to the ZECH of the relevant eligible items on the said document. Accordingly the Member/Participating Banks of the ZECH by signing this document shall have indemnified the Bank of Zambia against any consequences arising out of incorrect figures furnished by the ZECH.

11.5 Confirmation of Settlement, Current Account Balances and Collateral.



- 11.5.1 On receipt of the Net Settlement positions of the Member/Participating Banks from the ZECH, the Bank of Zambia shall confirm to the ZECH whether or not each ZECH Member/ Participating Bank has sufficient balances in their current account at the Bank of Zambia to arrange settlement of the Net settlement Positions.
- 11.5.2 Where a ZECH Member/ Participating has insufficient balances, the Bank of Zambia shall advise the ZECH that the Member does not have sufficient current account balances and Settlement cannot currently be arranged for the ZECH Net Settlement Positions.
- 11.5.3 The Bank of Zambia as specified in Schedule IV shall give confirmation.
- 11.5.4 In the event of a failure to settle by a ZECH Member/ Participating Bank, the Bank of Zambia will follow the procedure in Clause 16 of these rules.

11.6 Consistency with other Rules and Regulations

- 11.6.1 Nothing in these rules shall preclude the Bank of Zambia from acting in accordance with rules and regulations, which it is required to publish elsewhere for the same purpose under applicable Zambian statutes or international law.
- 11.6.2 The Bank of Zambia shall be fully consulted and agree in writing to any changes, adjustments, or replacements to payment system rules, constitutions, or other forms or types of arrangements that may be notified to Member/Participating Banks by the BAZ from time to time.

12 ADDITION AND DELETION OF BRANCHES

- 12.1 Member/Participating Banks shall advise the BAZ, Bank of Zambia and ZECHL when a new branch is opened or an existing branch is closed. Banks shall give fourteen days written notice to ZECHL of the intention to open or close a branch to allow for further circulation of such action to other participants.
- 12.2 ZECHL shall circulate the notice to all participants within seven days from receipt of the notice.
- 12.3 The Member/Participating Bank shall make an application in writing to ZECHL to delete the closed branch or to add the new branch.
- 12.4 The ZECH shall add the branch and the branch's sort code or delete the closed branch as the case may be from the system and advise the Member/Participating Bank, Bank of Zambia and the BAZ in writing.
- 12.5 The ZECH shall record in the register of branches the new branch or delete from the register of branches the closed branch as the case may be and advise other Member/Participating Banks of the amendment.

13 RESIGNATION OF A MEMBER/PARTICIPATING BANK

- 13.1 A Member/Participating Bank may resign from the ZECHL by giving the Executive Committee of the BAZ not less than one month's notice. Until the end of the notice period, the Member/Participating Bank will comply with these Rules and will meet any subscriptions, fees and charges payable.

14 EXPULSION OR SUSPENSION OF MEMBER/PARTICIPATING BANKS

- 14.1 A ZECH Member/Participating Bank/Non-bank shall be suspended or expelled from the ZECH where: -



- 14.1.1 The BAZ is convinced that the ZECH Member/Participating Bank/Non-bank is in serious breach of the qualifying conditions for Membership provided in Clause 8.5.
- 14.1.2 The ZECH Member/Participating Bank/Non-bank has failed to arrange Settlement as provided for in Clause 16.
- 14.1.3 Bank of Zambia takes possession of a ZECH Member/Participating Bank/Non-bank or a Liquidator is appointed for the ZECH Member/Participating Bank/Non-bank.
- 14.1.4 Where in the opinion of the BAZ, in consultation with the BOZ, the Receivership/Liquidation of the Member/Participating Bank's holding company may cause a systemic disruption to the National Payment System.
- 14.1.5 The ZECH Member/Participating Bank/Non-bank fails to maintain the required level of eligible securities at Bank of Zambia as collateral under the Failure to Settle Arrangements.

15 MEASURES TO MITIGATE MEMBER/PARTICIPATING BANK'S FAILURE TO SETTLE

- 15.1 As a precondition to Membership in the ZECH each commercial bank shall deposit and maintain collateral with the Bank of Zambia at the values computed by the Bank of Zambia and in the form prescribed in these rules.

15.2 Collateral

- 15.2.1 Where a new member Bank of BAZ applies for participation in the ZECH, Bank of Zambia shall determine the necessary value of securities as collateral based on the current month's average collateral of the middle banks excluding the top three and bottom three volume-wise ranked banks or as may be revised by the Bank of Zambia from time to time. The estimate of the collateral determined by Bank of Zambia shall be final and not subject to challenge..
- 15.2.2 The Member/Participating Bank shall transfer to the Bank of Zambia cash or eligible securities with a current market value as determined by the Bank of Zambia based on the current month average collateral of the middle banks excluding the top three and bottom three volume-wise ranked banks or as may be revised by the Bank of Zambia from time to time.
- 15.2.3 Such proportion of the collateral that qualifies as liquid assets as prescribed by the Bank of Zambia shall be eligible and included in the computation of the Banks liquid assets.
- 15.2.4 Where a Bank has applied to join the ZECH the Bank of Zambia shall estimate the applying Member/Participating Bank's collateral requirement. The estimate of the collateral determined by Bank of Zambia shall be final and not subject to challenge.
- 15.2.5 The applying Member/Participating Bank shall transfer to the Bank of Zambia the collateral computed by Bank of Zambia.
- 15.2.6 Only Treasury Bills, Government Bonds or securities guaranteed by the Government of the Republic of Zambia within maturity of one hundred and eighty two (182) days or as may be decided by the Bank of Zambia and cash shall be eligible for collateral.
- 15.2.7 Bank of Zambia will hold the collateral in trust for the ZECH Member/Participating Bank.
- 15.2.8 When the eligible securities mature, the Bank of Zambia shall receive and hold the proceeds of the maturing securities in trust.



- 15.2.9 The Bank of Zambia shall pay the proceeds of the maturing securities held in like trust to the beneficiary Member/Participating Bank against the deposit with Bank of Zambia by the beneficiary Member/Participating Bank of eligible securities of the same value as the maturing securities.
- 15.2.10 The Bank of Zambia shall review the market value of eligible securities held in trust, as collateral, at least once per annum. When the Bank of Zambia reviews the value of eligible securities held in trust the method in Sub-Clause 15.2.1 shall be used. The Bank of Zambia may require that the ZECH Member/Participating Bank place in trust additional eligible securities at the Bank of Zambia to meet the collateral requirements.
- 15.2.11 Where the Bank of Zambia reviews a ZECH Member/ Participating Bank's holdings of collateral and decides that the Participating Bank shall increase its collateral holdings in terms of Sub-Clause 15.2.10 of these rules, then the member/ Participating Bank shall have five working days from the effective date of review in which to regularize its collateral holdings to the required level. At the same time, the defaulting ZECH Member/Participating Bank will be liable to a penalty not exceeding 50,000 (Fifty thousand) penalty units (currently calculated at K 0.180 per penalty unit) for each day that it operates below the required collateral levels. And, in the event that the defaulting ZECH Member/ Participating Bank fails to regularize its collateral levels within the stipulated period, then the procedures outlined in Clauses 16.6, 16.7 and 16.8 will take effect.
- 15.2.12 Where the Bank of Zambia holds more than the required amount of eligible securities in trust the proceeds from maturing eligible securities in excess of the collateral requirements may be retained by the Member/Participating Bank.
- 15.2.13 The collateral held in trust by the Bank of Zambia for the ZECH Member/Participating bank shall be transferred to the Bank of Zambia where the ZECH Member/Participating Bank fails to arrange Settlement.
- 15.2.14 Notwithstanding Sub-Clause 15.2.11, the ZECH Member/Participating Banks shall endeavor to operate above the prescribed collateral levels as determined by the Bank of Zambia from time to time. This calls for continuous monitoring of collateral levels by individual participants using the available tools to achieve this task, as failure to comply would attract penalties prescribed under Sub-Clause 15.2.11 for each day that a participant operates below the required collateral level.

16 MEMBER/PARTICIPATING BANK'S FAILURE TO SETTLE

- 16.1 Every interchange of Eligible Items between Member/Participating Banks through the ZECH shall be final and irreversible.
- 16.2 Each ZECH Member/Participating Bank shall be required to arrange sufficient current account balances at the Bank of Zambia for purposes of transacting Net Settlement Positions arising from participating in the interbank clearing at the ZECH.
- 16.3 Where there are insufficient balances in a Member/Participating Bank's current account to arrange Settlement, the member/Participating Bank may obtain additional current account balances by discounting securities with Bank of Zambia.
- 16.4 Where the Member/Participating Bank is unable to arrange sufficient balances to settle after discounting securities the member/Participating Bank may apply to the Bank of Zambia in its capacity as Lender of Last Resort for a loan.
- 16.5 Where a loan is made, the Bank of Zambia shall immediately and irrevocably credit the proceeds of the loan to the current account of the ZECH Member/Participating Bank.



- 16.6 Where Bank of Zambia has not granted the loan and the ZECH Member/Participating Bank still cannot arrange sufficient Bank of Zambia current account balances and the Bank of Zambia cannot confirm settlement of the clearing by the time designated in schedule IV of these rules the Bank of Zambia shall immediately advise the ZECH and the ZECH shall immediately notify the following of the ZECH Member/Participating Bank's failure to settle: -
- 16.6.1 The Chairperson of BAZ
- 16.6.2 The Governor of Bank of Zambia through the office of the Deputy Governor, Operations or other designated office of the Bank of Zambia.
- 16.7 The Chairperson of the BAZ, on notification of the ZECH Member/Participating Bank's failure to settle in terms of Sub-Clause 16.6 shall immediately do all that is reasonably possible to discuss and resolve the failure to arrange settlement with the Chief Executive of the defaulting Member/Participating Bank.
- 16.8 Upon receipt by the BAZ Chairperson of notification under Sub-Clause 16.6 and following an hour's reasonable attempt to contact, discuss and resolve the Member/Participating Bank's failure to settle (in terms of Sub-Clause 16.6) the BAZ shall:
- 16.8.1 Provisionally suspend the ZECH Member/Participating Bank from Clearing at the ZECH.
- 16.8.2 Notify the ZECH of the provisional suspension of the ZECH Member/Participating Bank.
- 16.8.3 Require the BAZ Chairperson to arrange a meeting of the Executive Committee of the BAZ as early as possible on the very day of the ZECH Member/Participating Bank's failure to settle.
- 16.8.4 Invite a representative of Bank of Zambia to attend the meeting.
- 16.9 The meeting called in terms of Sub-Clause 16.8.3 shall consider all the measures available to the ZECHL Member/Participating Banks to ensure the stability of the Zambia National Payment System and whether the Member/Participating Bank should be suspended from the ZECHL.
- 16.10 Following the provisional suspension of the ZECH Member/Participating Bank, all eligible securities held in trust in terms of 14.2.2 and 14.2.5 for the suspended ZECHL Member shall be transferred to Bank of Zambia. The transfer shall be undertaken at the market value determined by the Bank of Zambia.
- 16.11 Immediately following the transfer and valuation of all eligible securities by the Bank of Zambia, Bank of Zambia shall notify the ZECH of the notional balance of the suspended ZECHL Member/Participating Bank's Bank of Zambia current account.
- 16.12 The Bank of Zambia shall then determine if there are sufficient funds to settle the suspended Member's Consolidated Net Settlement Position.
- 16.13 Where the Bank of Zambia determines that the notional balance on the suspended ZECH Member/Participating Bank's current account is sufficient to settle the Consolidated Net Settlement Position the Bank of Zambia shall immediately and irrevocably credit the account of the suspended ZECHL Member/Participating Bank at Bank of Zambia with the proceeds of the collateral.
- 16.14 The Bank of Zambia shall immediately thereafter effect the settlement and advise the ZECHL.
- 16.15 The ZECHL shall then declare the clearing closed and advise Bank of Zambia, the Member/Participating Banks and the Chairperson of the BAZ.
- 16.16 Where a ZECHL Member/Participating Bank(s) fails to settle, that ZECHL Member/Participating Bank(s) shall be treated in terms of Clause 16.7.



16.17 Where the Bank of Zambia takes possession or a Liquidator is appointed for a System Service Provider:

16.17.1 Any provisions contained in the clearing and settlement agreements to which that Payment System Service Provider is a party or any rules and practices applicable to the System Service Provider in relation to such arrangement is binding upon the Curator until the end of the clearing settlement cycle.

16.17.2 Any provisions contained in the clearing and settlement agreements to which that Payment System Service Provider is a party or any rules and practices applicable to the System Service Provider in relation to such arrangement is binding upon the Curator until the end of the notice during which the Curator has given BOZ of his/her intention to no longer be so bound of such arrangements.

16.18 Summarised steps of the Clauses 16.6 to 16.17 to be taken when a bank fails to Settle:

16.18.1 BOZ advises ZECHL of the Member/Participating Bank's Failure to Settle.

16.18.2 ZECHL advises BAZ Chairperson.

16.18.3 BAZ Chairman discusses with concerned bank's CEO how to resolve the matter.

16.18.4 BAZ Chairman convenes meeting with defaulting Member/Participating Bank's CEO and other BAZ Members to try and resolve the matter.

16.18.5 Provisionally suspend the defaulting Member/Participating Bank, if no solution is found.

16.18.6 BAZ Chairperson advises the Bank of Zambia Governor and ZECHL of the provisional suspension of the defaulting Member/Participating Bank.

16.18.7 BOZ liquidates collateral for the defaulting Member/Participating Bank.

16.18.8 BOZ advises ZECHL to formally suspend defaulting Member/Participating Bank.

16.18.9 ZECHL advises all the Member/Participating Banks of the suspension of the defaulting Member/Participating Bank.

16.19 **READMISSION OF A SUSPENDED MEMBER/PARTICIPATING BANK**

16.19.1 A suspended member shall be re-instated on the following conditions:

16.19.1.1 Upon full settlement of the Member/Participating Bank's outstanding obligations

16.19.1.2 Meet the collateral criteria and the BOZ to confirm the fulfillment of this condition.

17 **DISPUTE RESOLUTION**

17.1 While the guiding principle is that a Bank's customers are not to be relieved of their normal liabilities in respect of any Eligible Item merely because the Paying Bank has failed to carry out any of the Rules relating to the handling of unpaid or lost Eligible Items, a Collecting Bank may refuse to accept Eligible Items in respect of such cases where the provisions of the rules have not been followed.

17.2 All disputes in respect of the Rules are to be dealt with by ZECH Member/Participating Bank/ Non-bank's branches at managerial level. Matters, which cannot be settled amicably, shall be referred promptly to the respective Bank's Head Offices.

17.3 Any Bank involved in a dispute with another Bank, which cannot prima facie be settled by mutual agreement at the Head Office level may submit the relevant facts to ZECHL for the interpretation of the rules and guidance. Should the parties fail to agree to accept the guidance/recommendation provided by ZECHL to resolve the issue, then the matter will be referred to the BAZ Technical Committee for further consideration. The recommendation



however, shall not be binding upon any party to the dispute, unless all parties have so agreed in writing. Should the dispute not be resolved at this stage, the matter shall be referred to the BAZ who may appoint an Adjudicator as provided for in the Banking Code of Practice of Zambia.

18 LIMIT OF LIABILITY

- 18.1 ZECHL shall not in any way be responsible or liable in the event a Member/Participating Bank incurs a loss in connection with participation in the ZECHL, except in case of the ZECHL own negligence or misconduct.
- 18.2 ZECHL shall not be liable for any inaccurate transmission and deliveries.
- 18.3 All claims related to mis-sorting, untimely return, failure to return, failure to settle by a ZECH Member/Participating Bank/Non-bank, shall be resolved directly between the Member/Participating Banks.
- 18.4 The Collecting and Paying Banks therefore shall not hold ZECHL responsible for any reason related to the provision of interbank clearing operations, and any legal action brought against ZECHL and costs associated therewith, shall be assumed by the respective ZECH Member/Participating Bank/Non-banks.
- 18.5 All claims on account of untimely return, failure to return, failure to settle by a ZECH Member/Participating Bank/Non-bank, etc. shall be resolved directly between the Member/Participating Banks.

19 BALANCES MAINTAINED AT THE BANK OF ZAMBIA

- 19.1 ZECH Member/Participating Bank/Non-banks by signing these Rules authorise Bank of Zambia to post to their accounts at Bank of Zambia any Consolidated Net Settlement Positions or amounts that shall occur directly or indirectly as a result of the clearing of Eligible Items and the actions of the ZECH, and shall at all times maintain funds in these accounts adequate to cover such clearing, actions and Settlements.

20 EMERGENCY CONDITIONS

- 20.1 Conduct of daily clearing operations may be delayed within a Business Day or deferred to a later day in the event that Member/Participating Banks are unable to attend due to adverse conditions as may be attributed to weather, losses of power or communications, or any other major disruption in the city or country. In such cases all entries applicable to the Clearing or return items shall be deferred until normal conditions are restored. However, individual Member/Participating Banks shall prepare for disruptions in their own facilities and are responsible for maintaining contingency plans and alternate processing sites with the necessary equipment to continue operations for the duration of the emergency.
- 20.2 In cases where a Member/Participating Bank's system fails to clear Eligible Items electronically, the member/ participating Bank shall notify the ZECH in writing, of the emergency. ZECH will verify and confirm the occurrence of the emergency and upon confirmation, shall immediately inform all the other banks of such emergency.
- 20.3 Where such an emergency arises, the ZECH shall simultaneously advise the BAZ and BOZ in writing of the emergency for information.
- 20.4 Where the entire electronic clearing system fails, banks shall revert to manual clearing.



21 **COMPLETENESS OF CLEARING**

- 21.1 All Eligible Items shall be deemed to have been properly cleared at ZECH once the ZECH has declared the clearing closed.

22 **ADDRESS FOR NOTICES**

- 22.1 Any written notice to the ZECH as required by these Rules shall be addressed as follows (or where ever the ZECH shall be located):-

The Manager/Chief Executive Officer
Zambia Electronic Clearing House Limited (ZECHL)
COMESA Centre, Ben Bella Road
P. O. BOX 37390
Lusaka, Zambia

- 22.2 Any written notice between and among Member/Participating Banks required under these Rules shall be addressed to the designated locations specified and published from time to time by the BAZ. Properly addressed notices shall be effective when received or at the expiration of a fixed period in cases where advance knowledge is necessary.

- 22.3 These rules are monitored and regularly reviewed by the Bankers Association of Zambia and the Bank of Zambia. Complaints and suggestions concerning the terms and general operation of the rules can be made in writing to the Bankers Association of Zambia.

23 **VIOLATION OF LAW**

- 23.1 In all cases of violation of laws the measure of damages shall be determined under the applicable laws of Zambia.

24 **GOVERNING LAW**

- 24.1 The Eligible Items covered by these Rules shall be subject in all respects to the Laws of Zambia and any applicable regulations published in the operating circulars of Bank of Zambia.

25 **RETENTION OF RECORDS**

- 25.1 Collecting Member/Participating Banks shall retain all pertinent records necessary to reconstruct any clearing or individual Eligible Item for ten years beyond the date of original "Outwards" clearing.

26 **MONITORING, REVIEW AND ACCESSIBILITY OF THE RULES**

- 26.1 These rules are monitored and regularly reviewed by the Bankers Association of Zambia and the Bank Of Zambia. Complaints and suggestions concerning the terms and general operation of the rules can be made in writing to the Bankers Association of Zambia.

- 26.2 Adhoc amendments to the rules shall be inserted in the appropriate section of these rules.

- 26.3 Copies of the ZECH Rules are available from BOZ and all Member/Participating Banks and on their websites where available.

27 **CONTINUITY PLAN**

In case of failure of both communication and the system the ZECHL shall invoke the Business Continuity Plan as detailed in the ZECHL BCP to ensure the day's DDACC and CIC are complete.



PART II: CHEQUE IMAGE CLEARING OPERATIONS

28 THE ZECH FACILITY

- 28.1 The ZECHL shall provide facilities to interchange Eligible Items and payment instructions through the use of CIC transmitted by each Collecting Bank directly to the ZECH at the designated times and in the prescribed format.

29 ELIGIBLE ITEMS FOR CHEQUE IMAGE CLEARING

- 29.1 The following eligible items will be processed in the CIC stream:

- 29.1.1 Authorised Debits
- 29.1.2 Bills of Exchange e.g. Cheques
- 29.1.3 Debits related to Services and Charges
- 29.1.4 Promissory notes
- 29.1.5 Returned Items
- 29.1.6 Credit Vouchers
- 29.1.7 Discrepancy Items

30 RESPONSIBILITIES OF COLLECTING BANK

- 30.1 The Collecting Bank shall scrutinize thoroughly all items collected. The Collecting Bank shall ensure that:

- 30.1.1 The MICR Code line is present
- 30.1.2 Drawer's name is present
- 30.1.3 Serial number is present
- 30.1.4 Payee's name is indicated
- 30.1.5 Date of the cheque is valid
- 30.1.6 Amount in words and figures match
- 30.1.7 Signatures are present
- 30.1.8 The Watermark is present in the cheque paper
- 30.1.9 Ultra Violet features are available on the cheque
- 30.1.10 All alterations are counter-signed except for the MICR Codeline where no other writings are allowed.

- 30.2 The Collecting Bank shall verify that the name of the designated payee/beneficiary on the cheque/deposit corresponds with the name of the beneficiary appearing on the deposit slip. In the event of discrepancies, it shall be the Collecting Banks' prerogative to decline the deposit.

30.3 Procedures for Handling Suspected Fraudulent Items

- 30.3.1 In the event that the Collecting Bank receives a suspected fraudulent item, the bank shall send the item for collection as per Schedule III on the day of receipt and notify the Paying Bank immediately to carry out further investigations.
- 30.3.2 The Paying Bank shall advise the Collecting Bank in writing the status of the cheque as per timelines in Schedule III.
- 30.3.3 The Paying Bank shall inform the Fraud Department or Police for further investigations.
- 30.3.4 If the item is found to be genuine, the Paying Bank shall settle the proceeds via RTGS as per timelines in Schedule III.
- 30.3.5 Once settlement is received from the Paying Bank, the Collecting Bank shall then credit the payee with the proceeds.
- 30.3.6 In all cases, the Paying Bank shall settle the value of the items presented to it by the Collecting Bank.



- 30.4 Prior to sending any Eligible Items through clearing, the Collecting Member/Participating Bank shall prepare Eligible Items as Specified in these Rules.
- 30.5 It shall be the responsibility of the Collecting Member/Participating Bank to make corrections and adjustments to unbalanced batches and ensure that the corrected batches are returned within the specified time for re-presentation.
- 30.6 All Collecting Member/Participating Banks shall do all that is possible to clear all Eligible Items received from customers on the same day to the Paying Member/Participating Banks via the ZECH.
- 30.7 Eligible Items for clearing shall be delivered or transmitted to the ZECH promptly at the agreed times on each Business Day as listed in Schedule IV.
- 30.8 The Collecting Member/Participating Banks shall prepare 'Outwards' Clearing of Eligible Items in strict conformity with the requirements of the ZECH and as provided for in these rules under Part 2 and Appendix I.
- 30.9 The clearing system of the Collecting Bank may electronically endorse on the rear of a cheque with the following details:
 - 30.9.1 Bank name.
 - 30.9.2 Bank code.
 - 30.9.3 Bank branch name.
 - 30.9.4 Processing date.
 - 30.9.5 Processing time.
- 30.10 All items presented for clearing should thereafter be perforated for security reasons.
- 30.11 For the time being until after the establishment of a National Archive, the collecting bank shall retain physical cheques after capture and present images of all the cheques deposited for payment to the paying bank.
- 30.12 At designated intervals, deliver all the physical items received to the paying bank.
- 30.13 Where a cheque image is produced by the bank and issued to any third parties, all participating banks shall be required to provide undertakings to certify that the images are true copies of the original cheque.
- 30.14 Each Cheque captured in the Cheque Truncation system of the collecting the bank shall be allocated a unique Document Reference Number (DRN) and an authenticating digital signature of the front and back images of the cheque as captured by the collecting bank's system.
- 30.15 Each participating bank shall be required to maintain a cheque archive of all the cheques in their custody for a statutory period of ten years.
- 30.16 The Collecting Bank shall ensure that the Electronic data file delivered or transmitted to the ZECH conform to the formats and specifications contained in Appendix I.
- 30.17 The Collecting Bank shall reject cheques presented to it that are:
 - 30.17.1 Not written in black ink.
 - 30.17.2 Mutilated.
 - 30.17.3 Improperly drawn. i.e. incomplete details
 - 30.17.4 Materially scratched causing misreads
 - 30.17.5 Smudged



30.17.6 Chemically manipulated

30.18 Unpaid Cheques From Paying Banks:

30.18.1 The Collecting Bank shall give back to the depositor/s all cheques returned unpaid for reasons requiring further action by the drawer with the appropriate answers endorsed on the instruments. The cheques to be returned to the depositor/s include but not limited to:

- 30.18.1.1 Refer to Drawer.
- 30.18.1.2 Signature required.
- 30.18.1.3 Post-dated cheque.
- 30.18.1.4 Alteration requires drawer's signature/s.
- 30.18.1.5 Stale cheques.

30.19 Value-Dating:

The Collecting Bank shall give value to cheques deposited by their customers as follows::

- 30.19.1 Cheques deposited before 12:00 hours will be given T+1 value date, meaning that cheques will clear at 12:00 hours the next business day.
- 30.19.2 Cheques deposited after 12:00 hours will be given T+2 value date, meaning that cheques will clear at 12:00 hours the third business day.

30.20 Scanning Devices

- 30.20.1 Where a Collecting Bank uses scanning devices that have MICR encoding capabilities, it shall disable the encoding functionality.
- 30.20.2 The scanning devices shall only allow users to enter the Amount and the Payee's Name.

30.21 Preparation of Payment Instruments

- 30.21.1 The Collecting Bank shall ensure that batches do not include vouchers above K 100,000.00 or as amended from time to time before transmission and/or delivered to the ZECH.
- 30.21.2 ZECH shall collect a financial penal charge as shall be agreed from time to time for non-compliance.
- 30.21.3 Cheques drawn in excess of the ZECH threshold shall be returned to the Payees with answer "Exceeds ZECH limit".
- 30.21.4 All vouchers shall be fully MICR encoded by the Collecting Bank as specified in the Zambia Paper, Cheque and MICR Specifications, before transmission or delivered to the ZECHL.
- 30.21.5 All pins, staples, gem clips, receipts and other extraneous matters shall be removed from eligible items. Dog-ears shall be straightened before capturing cheque image for transmission to ZECHL.
- 30.21.6 Individual batches prepared for delivery to ZECHL shall have a maximum of 2,000 items.
- 30.21.7 Each batch shall include either debit or credit items only and not both.
- 30.21.8 The Collecting Bank shall balance the Cheque images in each batch with the Batch Control Record (BCR) in the electronic data file.
- 30.21.9 The Collecting Bank shall encode each BCR with a distinct identification (ID) number.
- 30.21.10 The MICR coding, Header Record (HR) and electronic data file shall be in the format prescribed by the ZECH as specified in Appendix 1.
- 30.21.11 Public keys shall also be exchanged between the ECH and participating banks as an additional security feature.
- 30.21.12 The time when the batch was prepared shall be shown on the electronic data file
- 30.21.13 The date of the batch shall be shown on the electronic data file
- 30.21.14 The ZECH Member/Participating Bank/Non-bank shall authorise and identify Eligible Items for "Outwards" Clearing. All Eligible Items shall be stamped with the name of the Collecting Member/Participating Bank on the face of each Eligible Item with due care not to obliterate or make obscure:-



- 30.21.14.1 The amount in figures or the date of the item
- 30.21.14.2 The drawee Bank Name
- 30.21.14.3 Any information on the MICR Code Line.

30.22 Bank Stamps

30.22.1 The following information shall be mandatory on Bank Stamps:

- 30.22.1.1 Name of Bank and branch
- 30.22.1.2 Town or city
- 30.22.1.3 Date
- 30.22.1.4 Bank Sort Code

30.22.2 The following information shall be optional on Bank Stamps:

- 30.22.2.1 Department (optional)

30.22.3 The specifications of the Bank Stamp:

- 30.22.3.1 Standard size 35 mm square

30.22.4 Ink on Bank Stamp pads:

- 30.22.4.1 Only black ink shall be used on stamps.

30.22.5 The Placing of Bank Stamp on Physical Items

30.22.5.1 On corporate size cheques the Bank stamp shall be placed at the front within 3.5cm from the top or within 6.5cm from the bottom. On personal size cheques the Bank stamp shall be placed within 2.3cm from the top and 6.5cm from the bottom. On both corporate size cheques and personal size cheques the Bank stamp shall be placed above 16.5mm from the bottom and clear of the amount box.

30.22.5.2 For electronic stamp, the above specifications shall not apply

30.22.5.3 Care should be exercised that Bank stamps are clearly legible and do not obliterate, or make obscure:-

- 30.22.5.3.1 The amount or date of the item
- 30.22.5.3.2 The preceding Bank's Bank stamp(s) on the item
- 30.22.5.3.3 The signature on the item, or
- 30.22.5.3.4 Any information in the MICR code line

30.22.6 Maintenance of Bank Stamps:

30.22.6.1 ZECH Member/Participating Bank/Non-banks shall, within their own disciplines, designate responsibility to ensure that Bank stamps in use by their branches are maintained in such a condition as to provide clear and distinct impressions at all times

30.22.6.2 The Bank Stamp shall be placed within the areas of the cheque as detailed in Clause 30.22.5.1 above.

30.22.7 Cancellation Of Bank Stamps



- 30.22.7.1 When a Bank inadvertently applies its Bank stamp to a cheque and wishes to cancel it, the Bank stamp shall be ruled through with two parallel lines, with the word "Cancelled" appearing between them. Such cancellation shall be authenticated by way of a signature over a "Bank Signing Stamp" on the reverse of the cheque, stating clearly which Bank stamp has been cancelled, viz.:

"Our Bank stamp date .../.../... Erroneously impressed – cancelled on .../.../..."

30.23 Delivery of Eligible Images and Transmission of Electronic Data Files

- 30.23.1 The image and Electronic data files shall be delivered or transmitted to the ZECH at the designated times stated in Schedule IV
- 30.23.2 The Electronic data file shall be transmitted electronically via dedicated network and exceptionally by external storage media.
- 30.23.3 The bank's representative shall deliver the external media to the ZECHL under exceptional circumstances.
- 30.23.4 Each ZECH Member/Participating Bank/Non-bank shall advise the ZECHL in writing of the level of authority given to each representative in respect of the delivery and the collection of files and reports.

30.24 Preparation of Electronic Data File

- 30.24.1 An Electronic Data File of the items and batches sent to the ZECHL shall be generated to match the images.
- 30.24.2 Each image shall be digitally signed.
- 30.24.3 The Electronic Data File shall be encrypted using the encryption software specified by the ZECH and be transmitted electronically or exceptionally delivered on a corrupt-free acceptable removable storage media. If delivered on removable storage media, a letter signed by an authorised bank signatory shall accompany this. The removable storage media and the letter shall be placed in a sealed envelope.

30.25 Cheque Image Standards

- 30.25.1 Three images shall be captured from each cheque as follows:
- 30.25.1.1 One front image in Black and White in TIFF G4 format.
- 30.25.1.2 One front Image in Gray scale in JPEG format.
- 30.25.1.3 One back image in Gray scale in JPEG Image.
- 30.25.2 The quality of the Grey scale JPEG Image shall be as follows:
- 30.25.2.1 Resolution = 100 dpi
- 30.25.2.2 JPEG Quality = 80
- 30.25.3 The quality of the Black and White TIFF G4 Image for shall be as follows:
- 30.25.3.1 Resolution = 200 dpi
- 30.25.4 The size of each image shall not exceed 100 Kilobytes.

31 ZECH OBLIGATIONS ON RECEIPT OF THE CIC FROM THE COLLECTING BANK

- 31.1 ZECH shall check for online transmission of the Electronic Data Files.
- 31.2 ZECH shall match the Cheque Image with the Electronic Data File as described in Appendix 1.
- 31.3 Where there are no errors or omissions, the ZECH shall process the Electronic Data Files and store them for settlement.
- 31.4 Where there are errors or omissions, the ZECH shall reject the file and advise the Collecting Bank accordingly accompanied by an Error File



31.5 After processing all CIC presentations for the clearing session, ZECH shall generate the Net Clearing Positions.

31.6 Preparation of Outward Clearing for ZECH Member/Participating Banks/Non-banks

31.6.1 The ZECH shall prepare the outward clearings for collection or retrieval by Member/Participating Banks.

31.6.2 A Batch Control Record in the format provided in Appendix 1 shall introduce each batch of Eligible Items.

31.6.3 The ZECH shall archive all data and images.

31.6.4 The ZECH shall backup all databases

31.7 Net CIC Positions

31.7.1 The ZECH shall generate the net CIC positions for all sessions.

31.7.2 The ZECH shall generate the following electronic reports:

31.7.2.1 NSP for transmission to Bank of Zambia.

31.7.2.2 NSP for each ZECH Member/Participating Bank/Non-bank.

31.7.2.3 Electronic reports of:

31.7.2.3.1 NSP

31.7.2.3.2 Presentments

31.7.2.3.3 Unpaids.

31.8 Notification of Net Settlement Positions

31.8.1 The ZECH shall notify the Member/Participating Bank's designated office at the Member/Participating Bank's Head Office of the Net Settlement Position.

32 RESPONSIBILITIES OF PAYING BANK

It is the Paying Bank's responsibility to process and determine the fate of items presented to it by the Collecting Bank for settlement.

32.1 The Paying Bank's Obligations with respect to Outputs from the ZECH

32.1.1 The Paying Bank shall be responsible for downloading and collecting the electronic files, documents and reports from ZECH folders.

32.1.2 The electronic files for Inward Eligible Items shall be retrieved from the ZECH by an Authorised Paying Bank officer(s) as specified in the CIC guidelines.

32.1.3 Verify digital signatures accompanying each image file to ensure authenticity from the time of delivery by the Collecting Bank. Should the image fail digital signature verification, the Paying Bank should return the image with an appropriate answer.

32.2 Responsibilities of the Paying Bank with regard to Fating of "On-Us" Images Received

32.2.1 The Paying Bank shall scrutinize thoroughly all images of cheques received and pay in accordance with the mandates held.

32.2.2 While scrutinising Payment Instruments, any form of alterations to the following should be investigated:



- 32.2.2.1 Code line
 - 32.2.2.2 Drawer's name
 - 32.2.2.3 Serial number
 - 32.2.2.4 Payee's name
 - 32.2.2.5 Date of the cheque
 - 32.2.2.6 Amount in words and figures
 - 32.2.2.7 Signatures
 - 32.2.2.8 Apparent smudging on the face of the image
- 32.2.3 Where a Paying Bank receives a cheque with two or more different bank stamps applied on it and none of them is cancelled, the Paying Bank shall return the cheque unpaid to the latest bank that handled the cheque and quote the appropriate return reason code on the electronic record.
- 32.2.4 Where a Paying Bank receives a represented R/D cheque, the Paying Bank shall advise the ZECH in writing with a copy of the cheque. ZECHL shall then charge the Collecting Bank as per Schedule VII.
- 32.3 Unpaid Items**
- 32.4 Unpaid Eligible items shall be returned as per Schedule V.
- 32.5 Each unpaid item shall attract the fee as specified in Schedule VIII as governed by the relevant statutory and regulatory laws.
- 32.6 In addition to the provisions in Schedule V the Paying Bank's/Non-bank Financial Institution's Clearing Centre shall at all times advise the Collecting Bank/Non-bank Financial Institution by fax, phone or email of the dishonour of the Eligible Item. This advice shall be known as a YUFIG message.
- 32.7 The time limit for dispatching such electronic advice of dishonour (YUFIG) is the same as the time limit allowed for dishonour and return specified in schedule V.
- 32.8 Return of Eligible Items**
- 32.8.1 The paying bank shall return all unpaid items images together with their digital signatures within the agreed times.
- 32.8.2 Unpaid Eligible Items shall be returned by the Paying Bank to the Collecting Bank through the ZECH.
- 32.8.3 The Paying Bank shall quote the appropriate return reason code on the electronic record the standard reason for return of the CIC Eligible Item.
- 32.8.4 Only answers listed in the Schedule of Standard Answers for returning Eligible Items, Unpaid and Unapplied (Returned Items) shall be used (see Appendix III).
- 32.8.5 A returned unpaid item with answer "Refer to Drawer" shall not be re-presented for payment through the ZECH.
- 32.8.6 A returned unpaid item for technical reasons shall be re-presented for payment through the ZECH.
- 32.8.7 The paying bank shall verify payment details contained in the electronic journals accompanying the image files and ensure that the details match. The Paying Bank shall also quote the appropriate return reason code on the electronic record..
- 32.9 Handling of Unpaid Items**
- 32.9.1 Any returned item shall be returned the following business date and shall contain the reason code and date through the ECH.
- 32.9.2 The maximum time limits for return and receipt by the Collecting Bank's/ Non-bank Financial Institution's branch of the Unpaid Eligible Items (business days from date the Eligible Item is interchanged through the local ECH to the Paying Member/Participating Bank/ Non-bank Financial Institution in terms of schedule V) shall apply.



- 32.9.3 Schedule V shall apply in determining the maximum time limits for return by the Paying Member/Participating Bank/ Non-bank Financial Institution and receipt by the Collecting Member/Participating Bank's/ Non-bank Financial Institution's branch of Unpaid Eligible Items
- 32.9.4 Maximum electronic notice periods and return times for Unpaid Items are listed in schedule VI
- 32.10 Notification.**
- 32.10.1 Notification of dishonour as required by the Laws of Zambia shall also apply in these Rules, and in the times specified in Schedule V.
- 32.10.2 Where a cheque is returned unpaid for any reason:
- 32.10.2.1 The Paying Bank shall send an electronic notification or Yufig Message to the Collecting Bank via e-mail or fax or phone (later to be confirmed by fax if earlier sent via telephone) irrespective of the value of the item and within specified timelines, as per Schedule V.
- 32.10.2.2 Yufig Messages shall precede the electronic image for all Day 2 returns.
- 32.10.3 Where a cheque is unpaid the same day before settlement, a Yufig message may not be sent to the Collecting Bank.
- 32.10.4 All YUFIG messages shall be sent to the Central Processing Center (CPC) of each bank via fax or phone (later to be confirmed by fax if earlier sent via telephone) or email.
- 32.10.5 Formal notification shall be by scanned copy/letter and original letter/to follow later.
- 32.10.6 Notwithstanding that notification has been given electronically the unpaid Eligible Item shall be returned to the Collecting Bank branch within the times for returning unpaid items as specified in Schedule V.
- 32.11 Electronic Advice of Dishonoured Cheques**
- 32.11.1 When sending an electronic advice of Dishonour, the dishonouring bank/Non-bank Financial Institution shall use the word "YUFIG".
- 32.11.2 The "YUFIG" message format for CTS items is as follows:
- | | | |
|------------|-----------------------------------|-------|
| 32.11.2.1 | Reason for unpaying | ..... |
| 32.11.2.2 | Processing Date | ..... |
| 32.11.2.3 | Date on bank stamp | ..... |
| 32.11.2.4 | Collecting bank's Clearing Centre | ..... |
| 32.11.2.5 | Collecting bank's branch | ..... |
| 32.11.2.6 | Amount on Cheque | ..... |
| 32.11.2.7 | Cheque Serial Number | ..... |
| 32.11.2.8 | Payee's Name on the cheque | ..... |
| 32.11.2.9 | Paying bank's branch | ..... |
| 32.11.2.10 | Drawers Name | ..... |
| 32.11.2.11 | Signature | ..... |
- 32.11.3 YUFIG Date Format: DDMMYYYY shall be as follows: 31082012
- 32.11.4 All YUFIG messages shall be sent to the Banks' CPCs via fax or phone (later to be confirmed by fax if earlier sent via telephone) or email.
- 32.11.5 Errors in either Outward or Inward Clearings shall be notified immediately by telephone to the Member/Participating Banks/ Non-bank Financial institutions concerned and settled through the next CIC clearing.



32.12 **Treatment of Yufig Messages in the T+1 era**

32.12.1 Where a bank sends a Yufig message, the sending bank shall ensure that it sends a copy of the image of the cheque within 48 hours after date of cheque deposit. Where a bank fails to send a copy of the image of the cheque, the collecting bank shall consider the cheque paid and proceed to credit the customer's account. Therefore, presentment of the image after 48 hours by the paying bank will be rejected by the collecting bank, as "Too late for acceptance". Consequently, the paying bank will defray any such losses arising from their failure to present the copy of the image within the agreed 48 hours.

32.12.2 Where a paying bank sends a Yufig message and later decides to cancel it, the receiving bank shall report the erring bank to ZECHL who will penalize the erring bank in accordance with the rules to discourage such practices.

32.12.3 Where a bank fails to unpay cheques owing to system challenges:

32.12.3.1 It shall endeavour to advise other banks of its position and request for bilateral clearing.

32.12.3.2 Emergency conditions shall apply as per Clause 20.

33 **BILATERAL CLEARING**

33.1 **Operations of the Bilateral Clearing Stream**

33.1.1 Bilateral clearing shall be allowed in exceptional cases only. Bilateral clearing shall take place where the Collecting Bank inadvertently collects Eligible Items that:

33.1.1.1 Are mutilated.

33.1.1.2 The Clearing System fails to read.

33.1.1.3 Were previously returned unpaid for reason of "confirmation-awaited" (applicable to government cheques only) and cannot be normally processed through the ZECH.

33.1.2 ZECHL shall be notified of the cheques that have been sent for bilateral clearing by way of copies of the images that failed to read.

33.1.3 Bilateral Clearing shall be conducted in any town where there is more than one bank branch present.

33.1.4 Items collected for a particular bank without a presence in that town shall be sent to the Collecting bank's/ Non-bank Financial institution's Head Office for exchange and settlement.

33.1.5 Bilateral Clearing shall operate every business day with the exception of weekends and national public holidays.

33.2 **Towns With More Than One Branch In A Town**

33.2.1 Towns where banks/Non-bank Financial institutions have more than one branch shall select a Clearing Bank Branch where such cheques shall be delivered for exchange with the other banks.

33.2.2 Once the Clearing branches have received the bilateral cheques, they shall then deliver them to the respective Bank/ Non-bank Financial institution's Branch Clearing Centre.

33.2.3 The Clearing Bank/ Non-bank Financial institution's Branch shall advise their Central Clearing Centre at Head Office of the Net Settlement figure for settlement.

33.3 **Bilateral Clearing Sessions**

33.3.1 Bilateral cheques shall be cleared and settled within the Clearing Sessions as per Schedule IV.

33.4 **Settlement For Bilateral Clearing Items**

33.4.1 Settlement for bilateral clearing between the transacting banks shall be via RTGS at 10:00 hours as per Schedule III.

33.5 **Clearing Periods For Bilateral Clearing Cheques**



33.5.1 All Bilateral Clearing Cheques shall be subject to the clearing periods ranging between T + 4 and T + 11 as per Schedule III.

33.6 Preparation of Bilateral Clearing Cheques

33.6.1 Banks shall ensure that the cheques are sorted bank-wise, tallied and sealed in envelopes.

33.6.2 The envelopes shall bear the Paying Bank's name, number of items delivered and total value.

33.7 Clearing Session Procedures

33.7.1 The Collecting Bank/ Non-bank Financial institution shall provide a listing of all the Bilateral Clearing Cheques and the total value of items cleared to the Receiving Bank (Paying Bank).

33.7.2 The Receiving Bank/ Non-bank Financial institution shall open the envelope and verify whether the items listed tally with the physical items.

33.7.3 The Receiving Bank/ Non-bank Financial institution shall acknowledge receipt of the cheques by signing on the listing submitted by the Collecting Bank.

33.7.4 In the event that the Collecting Bank/ Non-bank Financial institution does not provide a listing, the Receiving Bank/ Non-bank Financial institution shall reject the items.

33.7.5 The Collecting Bank/ Non-bank Financial institution shall provide a clearing letter and schedule to the Receiving Bank.

33.7.6 Banks/ Non-bank Financial institutions shall agree and confirm the Settlement Obligation by signing the clearing letter and schedule.

33.7.7 The Collecting Bank/ Non-bank Financial institution shall keep a copy of the clearing statement of the Settlement Obligation for each Bank/ Non-bank Financial institution.

33.7.8 Clearing Bank/ Non-bank Financial institution branches shall send settlement figures to their Clearing Centres.

33.7.9 Where a paying bank/ Non-bank Financial institution fails to settle on time, the beneficiary bank/ Non-bank Financial institution shall report the defaulting bank/ Non-bank Financial institution to the Bank of Zambia for appropriate action.

33.7.10 A bank/Non-bank Financial Institution that fails to settle on time shall be liable to pay to the Bank of Zambia as per Schedule VI.

33.8 Handling of Unpaid Items

33.8.1 All Unpaid items shall bear appropriate reasons for return.

33.8.2 All Unpaid items shall be returned within the maximum time limits for return as per Schedule III.

33.9 Notification

33.9.1 Notification of dishonour as required by the Laws of Zambia shall also apply in these Rules, and in the times specified in Schedule III.

33.9.2 Where a cheque is returned unpaid for any reason:

33.9.2.1 The Paying Bank shall send an electronic notification or Yufig Message to the Collecting Bank via e-mail or fax or phone (later to be confirmed by fax if earlier sent via telephone) irrespective of the value of the item and within specified timelines, as per Schedule V.

33.9.2.2 Yufig Messages shall precede the electronic image for all Day 2 returns.

33.9.2.3 All Yufig Messages shall be sent to the Central Processing Center (CPC) or email.

33.9.3 Formal notification shall be by scanned copy/letter and original letter/to follow later.

33.9.4 Notwithstanding that notification has been given electronically the unpaid Eligible Item shall be returned to the Collecting Bank/ Non-bank Financial institution branch within the times for returning unpaid items as specified in Schedule III.

33.9.5 The electronic notice shall contain the following:

33.9.5.1 Reason for unpaying.

33.9.5.2 Processing Date.

33.9.5.3 Date on bank stamp



- 33.9.5.4 Collecting bank's clearing centre
- 33.9.5.5 Collecting bank's branch
- 33.9.5.6 Amount on Cheque
- 33.9.5.7 Cheque Serial Number
- 33.9.5.8 Payee's Name on the cheque
- 33.9.5.9 Paying bank's branch
- 33.9.5.10 Drawers Name
- 33.9.5.11 Signature

33.9.6 Errors in either Outward or Inward Clearings shall be notified immediately by telephone to the Member/Participating Banks/ Non-bank Financial institutions concerned and settled through the next Bilateral clearing.

34 **LIABILITY/DUTY OF CARE**

34.1 **Collecting Bank's/Non-bank Financial Institution's**

34.1.1 In the absence of the physical instrument to assist the Paying Bank/Non-bank Financial Institution in the decision-making process "to pay or not to pay", it is incumbent upon the Collecting Bank/Non-bank Financial Institution to exercise due care to help minimise losses related to fraudulent activities. This is because the Collecting Bank/Non-bank Financial Institution is the first point of entry/truncation of the item into the Interbank Clearing System and has the privilege of having the physical instrument at hand for examination prior to truncating/processing it.

34.1.2 In carrying out the responsibility above, the Collecting Bank/Non-bank Financial Institution shall ensure that items so collected meet the generally agreed standards by undertaking visual/physical technicality checks. These include:

34.1.2.1 Valid date (must not be stale or post-dated);

34.1.2.2 Amounts in words and figures to match;

34.1.2.3 Signatures must be present;

34.1.2.4 Code line must be present and must have the MICR attributes at capture;

34.1.2.5 Alterations are counter-signed;

34.1.2.6 Crossings are present;

34.1.2.7 Visible mechanical or chemical tampering of instruments;

34.1.2.8 Basic Security Features are visible;

34.1.2.9 The account to which the proceeds of the cheque are deposited is the same as the one stated on the cheque etc.

34.1.3 In the event of a fraudulent cheque being presented liability rests with the Payee irrespective of time lapse.

34.1.4 In view of the clause above, the application of Know Your Customer guidelines by all the banks will help reduce fraudulent activities in the Interbank Clearing System.

34.2 **Paying Bank's/Non-bank Financial Institution's**

34.2.1 It is the responsibility of the Paying Bank/Non-bank Financial Institution to pay the cheque image in accordance with the mandate given to it by the drawer of the cheque, as long as the image appears to be visually correct in every aspect namely:

34.2.1.1 Drawee Bank, Branch;

34.2.1.2 Name of Drawer;

34.2.1.3 Payee's Name must be present;

34.2.1.4 Valid date (must not be stale or post-dated);

34.2.1.5 Amounts in words and figures match;

34.2.1.6 Signature/s must be present;

34.2.1.7 Code line must be present;

34.2.1.8 Alterations are counter-signed;



34.2.1.9 Crossings are present.

35 ELIGIBLE ITEMS INADVERTENTLY PAID

- 35.1 Paying Banks shall not return an Eligible Item after the time limit for returned items has expired.
- 35.2 The only exception to 35.1 above is when in the determination of both the Paying and the Collecting Member/Participating Banks'/Non-bank Financial Institutions' Head Offices there is a clear link based on fraud between the accounts maintained by both Member/Participating Banks'/Non-bank Financial Institutions' customers the Paying Bank/Non-bank Financial Institution shall un-pay the fraudulent item without time limit. The Collecting Member/Participating Bank/Non-bank Financial Institution shall co-operate fully in the recovery of the said funds.

36 DISCREPANCY ITEMS

- 36.1 A discrepancy may arise because of wrongly capturing the amount of an Eligible Item and affect the status of the Interbank Clearing System. To resolve such anomalies, Discrepancy Files shall be generated.
- 36.2 Where the amount of an Eligible Item is captured wrongly:
- 36.2.1 Formal notification shall be sent to the Paying or Collecting Bank/Non-bank Financial Institution whichever is applicable before sending the Discrepancy File;
- 36.2.2 The Collecting Bank/Non-bank Financial Institution shall send a discrepancy file to the Paying Bank/Non-bank Financial Institution to rectify the anomaly; or
- 36.2.3 The Paying Bank/Non-bank Financial Institution shall send a discrepancy file to the Collecting Bank/Non-bank Financial Institution to rectify the anomaly.
- 36.3 The Discrepancy File shall contain both the Discrepancy Amount and the Correct Amount together with the Codeline Data and the Cheque Image.
- 36.4 There shall be no time limit to the generation of Discrepancy File.
- 36.5 At all times, the bank generating the Discrepancy File shall notify the Destination Bank/Non-bank Financial Institution in writing its intention to send a Discrepancy File providing all the relevant data as stated below:
- 36.5.1 The amount of the discrepancy
- 36.5.2 The captured amount
- 36.5.3 The correct amount of the Eligible Item
- 36.5.4 The date when the Eligible Item was processed
- 36.5.5 Cheque number
- 36.5.6 The Drawee Branch
- 36.5.7 Drawer's name
- 36.5.8 Payee's name

37 RECALL OF ERRONEOUSLY GENERATED EJ FILES

- 37.1 The Originating Bank/Non-bank Financial Institution may erroneously send an EJ file to the ZECH. To resolve such an anomaly, the Originating Bank/Non-bank Financial Institution shall recall such erroneous file.
- 37.2 The Originating Bank/Non-bank Financial Institution shall perform a Recall procedure to recall the erroneous file. The Recall procedure entails recalling the entire file and performed within the same session and before the closure of a particular session. In the event that the session is



closed, the Originating Bank/Non-bank Financial Institution shall instead send a Reversal File to the Destination Bank/Non-bank Financial Institution to rectify the anomaly.

37.3 Where a Recall procedure is performed:

37.3.1 No formal notification shall be sent to the Destination Bank/Non-bank Financial Institution before initiating the recall procedure;

37.3.2 The Originating Bank/Non-bank Financial Institution shall send a recall notification to the ZECH via the messaging facility informing them of the action taken.

37.3.3 The recall procedure shall not affect the Destination Bank's/Non-bank Financial Institution's position because the EJ shall not reach the Destination Bank/Non-bank Financial Institution.

38 REVERSAL OF ERRONEOUS EJ FILES/TRANSACTIONS

38.1 The Originating Bank/Non-bank Financial Institution may erroneously send or duplicate an EJ file or transaction to another bank/Non-bank Financial Institution. To resolve such an anomaly, the Originating Bank/Non-bank Financial Institution shall reverse such erroneous file or transaction by sending a reversal file to the Destination Bank/Non-bank Financial Institution via the ZECH.

38.2 A Reversal File shall be initiated by the Originating Bank/Non-bank Financial Institution any time after the close of a session to reverse the entire file or affected transactions.

38.3 Where a Reversal File or Reversal Transaction is generated:

38.3.1 The EJ reversal file/s or transaction/s shall be sent within 5 days.

38.3.2 After 5 days, formal notification (Sybrin CHI Client Broadcast, letter, email or fax) shall be sent to the Destination Bank/Non-bank Financial Institution and ZECH before sending the correcting file or Transaction.

38.3.3 Where the Originating Bank/Non-bank Financial Institution reverses the entire file, the Reversal File shall contain the exact details of the transactions in all respects as the Original file except for the File Type in the Header Record (HR).

38.3.4 Where the Originating Bank/Non-bank Financial Institution reverses a Transaction(s), the Reversal File for the transaction(s) shall contain the exact details of the Original transaction(s) in all respects. The File Type in the HR shall contain the code for the EJ Reversal File.

38.3.5 An EJ file and its corresponding EJ reversal file shall not participate in the same clearing session.

38.3.6 Banks shall accept and process the EJ reversal file/s or transaction/s that has/have been verified without seeking the authority of the account holders.

39 ITEMS MISLAID BY A PAYING BANK BRANCH

39.1 Items received by the Paying Bank's/Non-bank Financial Institution branch or its accounting centre and subsequently lost or mislaid in its own system may be debited to the Collecting Bank's/Non-bank Financial Institution's branch. Such debits shall, however, be subject to the same time limit as is applicable for the return of cheques as specified in schedule V. Sufficient details shall be provided in the debit to enable the Collecting Bank's/Non-bank Financial Institution's branch to locate the source of the item.

39.2 There items have been lost or mislaid in the system the banks/Non-bank Financial Institutions shall make payment against images of the item upon receipt of an indemnity by the requesting bank.



- 39.3 Under no circumstance shall a Collecting Bank/Non-bank Financial Institution replace a lost item with a debit to the drawer's account.
- 39.4 When a Bank's/Non-bank Financial Institution's branch has been wrongly debited in this manner, it shall be entitled to reverse the item regardless of the time that has elapsed.
- 39.5 In these circumstances the issue should first be addressed at Administrative Office level between the two Banks/Non-bank Financial Institutions concerned.
- 39.6 Should the management also be unable to resolve the issue, they shall make reference to their respective Head Offices.

40 TREATMENT OF ERRONEOUS ELIGIBLE ITEMS

40.1 Post-Dated Cheques

40.1.1 Collecting Member/Participating Bank/Non-bank Financial Institution

40.1.1.1 Collecting Member Bank/Non-bank Financial Institution shall ensure that cheques deposited are perused at point of deposit by the Collecting Bank's/Non-bank Financial Institution's branch, which shall return all post-dated items to the depositor.

40.1.1.2 As such cheques are refused for collection, but not dishonored, they should not bear the stamp of the collecting Bank.

40.1.1.3 Any Bank stamp inadvertently applied on the face of the cheque shall be cancelled.

40.1.2 Paying Member/Participating Bank/Non-bank Financial Institution

40.1.2.1 Should any post-dated cheque not be detected at point of deposit, then the Paying Member/Participating Bank/Non-bank Financial Institution shall debit the collecting branch with the fee prescribed in Schedule VIII in respect of that item.

40.1.2.2 Where a Paying Member/Participating Bank/Non-bank Financial Institution suffers a loss as a result of the post-dated cheque being cleared to it by another Member/Participating Bank/Non-bank Financial Institution, the Paying Member/Participating Bank/Non-bank Financial Institution shall claim the amount of interest involved, at the Bank of Zambia ruling rate of interest, from the Presenting Bank/Non-bank Financial Institution.

40.1.2.3 The Collecting Member shall accept the debit provided that:

40.1.2.3.1 The debit shall have been presented not later than the time for returning unpaid items plus 2 days from the date of original clearing day.

40.1.2.3.2 Sufficient details shall have been given.

40.2 Treatment of Wrongly Cleared Eligible Items

40.2.1 A Member/Participating Bank/Non-bank Financial Institution noticing or receiving notice of wrongly cleared (misdirected) eligible items shall notify the ZECH and the Collecting Member/Participating Bank/Non-bank Financial Institution of the error in writing.

40.2.2 The Collecting Member/Participating Bank/Non-bank Financial Institution shall collect the item from the Paying Member/Participating Bank/Non-bank Financial Institution and provide same day



credit to the Paying Member/Participating Bank/Non-bank Financial Institution through Bank of Zambia in respect of the amount.

- 40.2.3 Where any incorrectly cleared Eligible Item cannot be delivered to the correct Paying Member/Participating Bank/Non-bank Financial Institution before clearing, the said item shall participate in the day's clearing. As such, the affected Member's account shall not be adjusted. The Eligible Item shall be presented in the following Business Days' clearing.
- 40.2.4 Any Bank involved in a dispute with another Bank/Non-bank Financial Institution, which cannot prima facie be settled by mutual agreement at the Head Office level may submit the relevant facts to ZECHL for the interpretation of the rules and guidance. Should the parties fail to agree to accept the guidance/recommendation provided by ZECHL to amicably resolve the issue, then the matter will be referred to the BAZ Technical Committee for further consideration. The recommendation however, shall not be binding upon any party to the dispute, unless all parties have so agreed in writing. Should the dispute not be resolved at this stage, the matter shall be referred to the BAZ Main Committee who may appoint an Adjudicator as provided for in the Banking Code of Practice of Zambia.

41 ARCHIVING OF PHYSICAL ELIGIBLE ITEMS

- 41.1 ZECHL shall establish an archive facility for physical Eligible Items on behalf of the Participating Banks/Non-bank Financial Institutions.
- 41.2 Its operations shall be governed by rules to be agreed upon by all the Participating Banks/Non-bank Financial Institution. The rules of the archiving facility shall be an addendum to the ZECH Rules.
- 41.3 Banks shall ensure that the cheques are prepared as follows:
- 41.3.1 Sorted bank-wise.
- 41.3.2 Sorted date-wise.
- 41.3.3 Accompanied by a listing.
- 41.4 Cheques submitted without listings for paid cheques shall be rejected.

42 COMPENSATION FOR UNDUE ENRICHMENT

42.1 Bank to Bank

- 42.1.1 A ZECHL Member/Participating Bank/ Non-bank Financial institution which benefits from an error or a number of like errors such as duplicates and is unduly enriched as a result, shall compensate the ZECHL Member/Participating Bank(s) / Non-bank Financial institution(s) that suffered financially as a result.
- 42.1.2 The amount of damage for undue enrichment shall be computed by applying interest to the principal value of the funds incorrectly received. The interest shall be calculated daily applying the weighted average yield rate on the 91 Day Treasury Bill in the auction immediately preceding the date of the 'return item' in effect on each day the error or errors benefited or enriched the ZECH Member. The damages shall be paid to the Member/Participating Bank or Member/Participating Banks who suffered financially.

42.2 Bank to Customer

- 42.2.1 A Collecting Bank that fails to provide cleared funds to its customers within the clearing period upon the receipt of credit in respect of a CIC transaction in its current account at the Bank of Zambia shall pay the beneficiary interest.



- 42.2.2 A Collecting Bank shall pay interest to its customer where it delays in crediting the customer's account with proceeds credited to the Bank's account at Bank of Zambia in respect of a CIC transaction.
- 42.2.3 The Paying Bank shall pay interest to a customer where it receives value for a CIC transaction and delays the transfer of such funds for more than one business day.
- 42.2.4 The interest in respect of a DDACC or CIC transaction shall be calculated daily by applying the weighted average yield rate on the 91 day Treasury Bill in the auction immediately preceding the date of the delay. This rate will apply each day the value of funds is delayed.

43 PENALTIES

43.1 Incorrect Out-Clearing (Sending Items To A Wrong Bank)

ZECHL shall fine a Member/Participating Bank/ Non-bank Financial institution that incorrectly sends an item to a wrong bank as per Schedule VII. If the item was wrongly sent to a bank due to the cheque printer's printing wrong sort code, Clause 43.4 (Cheque Printing Errors) shall apply.

43.2 Re-presenting Cheques With Answer "Refer To Drawer"

ZECHL shall fine a Member/Participating Bank/ Non-bank Financial institution that re-presents a cheque with answer "Refer To Drawer" as per Schedule VII.

43.3 Wrong Stamping

The Paying Bank shall advise ZECHL of cheques with bank stamps impressed in wrong places by the Collecting Bank contrary to Clause 30.22.5 and ZECHL shall penalise the erring bank as per Schedule VII.

43.4 Cheque Printing Errors

The Collecting Banks/ Non-bank Financial institution shall advise ZECHL of suspected breaches of cheque printing by any printer. ZECHL shall then investigate the allegation and charge the defaulting Paying Bank/ Non-bank Financial institution as per Schedule VII.

43.5 Cheques Printed by Unauthorised Printers

The Collecting Banks/ Non-bank Financial institutions shall advise ZECHL of suspected cheques printed by unauthorised cheque printers. ZECHL shall investigate the allegation and charge the defaulting Paying Bank/ Non-bank Financial institution as per Schedule VII.

43.6 Cheque Designs and Printing Not Meeting the ZPC&M Specifications

Accreditation to print cheques for banks in Zambia shall be withdrawn from printers printing cheques not meeting the requirements of the ZPC&M Specifications.

43.7 Delayed Credit

Delayed credit is defined as a Collecting Bank's/ Non-bank Financial institution's late giving of value and/or late crediting to a customer by a Receiving Bank/ Non-bank Financial institution. Where it is established that a bank/ Non-bank Financial institution failed to meet this requirement, BOZ shall charge the defaulting bank/ Non-bank Financial institution in accordance with Schedule VII of these rules. Where a bank experiences a system challenge, the concerned bank shall advise ZECHL who will in turn advise all the other participants of the emergency.

43.8 Late Settlement of Bilateral Clearing

The Collecting Bank/ Non-bank Financial institution shall charge a Paying Bank/ Non-bank Financial institution for delay in settling its bilateral clearing obligation using the compensation under the undue enrichment formula. The minimum charge shall be K100.



- 43.9 **Delayed Submission of Deposited Cheques**
Where a Collecting Member/Participating bank/ Non-bank Financial institution fails to clear an eligible item received from its customer on the same day to the Paying Member/Participating Banks/ Non-bank Financial institutions via the ZECH, the Collecting Member/Participating bank/ Non-bank Financial institution shall be fined as per Schedule III. Where a bank experiences a system challenge, the concerned bank shall advise ZECHL who will in turn advise all the other participants of the emergency and shall not suffer any penalty.
- 43.10 **Delayed Submission of EFT File**
Where a Collecting Member/Participating bank/ Non-bank Financial institution fails to clear EFT transactions received from customers on the same day to the Paying Member/Participating Banks/ Non-bank Financial institutions via the ZECH, the Collecting Member/Participating bank/ Non-bank Financial institution shall be fined as per Schedule III. Where a bank experiences a system challenge, the concerned bank shall advise ZECHL who will in turn advise all the other participants of the emergency and shall not suffer any penalty.
- 43.11 **Incorrect Return Reason**
This relates to a Paying Bank/ Non-bank Financial institution returning a payment instruction with an incorrect reason. Where this is established to be the case, ZECHL shall penalise the erring bank/ Non-bank Financial institution as per the Schedule VII.
- 43.12 **Items Cleared With Wrong Images**
The Collecting Bank/ Non-bank Financial institution or the Paying Bank/ Non-bank Financial institution shall be penalised by ZECHL for sending CIC transactions with wrong images as per the Schedule VII.
- 43.13 **Failure To Send Unpaid Images Within 48 Hours**
ZECHL shall fine a Member/Participating Bank/ Non-bank Financial institution that fails to send Unpaid Images as per Schedule VII.
- 43.14 **Failure to Send EFT Transactions with adequate narrations**
- 43.14.1 A receiving Member/Participating Bank/ Non-bank Financial institution shall notify ZECHL that it has received EFT transactions with inadequate narrations. Narrations shall include such information as beneficiary's name, sender's name and the purpose of the payment.
- 43.14.2 ZECHL shall use its system to verify the inadequacy in information (if any).
- 43.14.3 Where it is established that the complaining Member/Participating Bank/ Non-bank Financial institution's system truncates narrations, ZECHL shall fine the complaining Member/Participating Bank/ Non-bank Financial institution as per Schedule VII.
- 43.14.4 Where it is established that the sending Member/Participating Bank/ Non-bank Financial institution is at fault, ZECHL shall fine the sending Member/Participating Bank/ Non-bank Financial institution as per Schedule VII.
- 43.15 **Cancellation of Yufig Message by Paying Bank**
ZECHL shall fine the Paying Bank/ Non-bank Financial institution that cancels a Yufig Message that it had initially sent to the Collecting Bank as per Schedule VII.
- 43.16 **Sending Discrepancy Files as Unpaid Items**
ZECHL shall fine the Paying Bank that sends discrepancy transactions as unpaids in order to correct the wrongly captured amounts by the Collecting Bank as per Schedule VII.



PART III: DIRECT DEBIT AND CREDIT CLEARING (DDACC) OPERATIONS

44 OVERVIEW OF DDACC

44.1 INTRODUCTION

44.1.1 This section provides a high level overview of DDACC. It covers Direct Debits (DD) and Direct Credits (DC) and their management, how they are controlled, their ownership, how they can benefit the Service Providers and a brief description of the processes involved.

44.2 THE DIRECT DEBIT

44.2.1 The Direct Debit is an efficient way for organisations to collect regularly occurring payments from large numbers of customers. It is a method of collecting payments and Banks are not responsible for any underlying contracts between the Service Provider and the Payer. The Direct Debit has benefits for all parties concerned in the cycle.

44.2.2 The DD can be used by insurance companies, charities, local authorities, public utilities, hire purchase companies, building societies, manufacturers, suppliers and a wide range of other organisations, which collect large volumes of payments.

44.3 DIRECT CREDIT

44.3.1 The Direct Credit (DC) is a system which enables the customer to make payments by electronic transfer directly into bank accounts. It is simple, secure and reliable and dramatically reduces the time and costs associated with traditional methods of payment processing.

44.3.2 Examples of payments by Direct Credit include:

44.3.2.1 Wages

44.3.2.2 Salaries

44.3.2.3 Pensions

44.3.2.4 Expenses

44.3.2.5 Payments to suppliers

44.3.2.6 Interest payments

44.3.2.7 VAT payments

44.3.2.8 Credit card refunds

44.3.2.9 Dividends

44.3.2.10 Savings plans

44.3.2.11 Money Transfer

44.3.2.12 Special Presentations

44.3.3 The DDACC is a service offered by the ZECH, owned and operated by banks within Zambia, known as the Member/Participating Banks, which are listed below.

Bank of China (Zambia) Ltd

Bank of Zambia

Barclays Bank Zambia Plc

Cavmont Bank Ltd

Citibank Zambia Ltd

Finance Bank Zambia Ltd

First Alliance Bank Zambia Ltd

Indo-Zambia Bank Ltd

Investrust Bank Plc

Intermarket Banking Corporation (Z) Ltd

Stanbic Bank Zambia Ltd



Standard Chartered Bank Zambia Plc
Zambia National Commercial Bank Plc
Non-Member/Participating Bank
AB Bank Zambia Limited
Access Bank Zambia Ltd
BancABC Zambia Limited
Ecobank Zambia Ltd
First National Bank Zambia Limited
International Commercial Bank Zambia Ltd
United Bank for Africa Zambia Ltd

45 **THE ZECH FACILITY**

45.1 The ZECH shall provide the facility to effect small value electronic payments through Direct Debits And Direct Credits for values not exceeding the following thresholds, or as decided by BAZ from time to time;

45.1.1 K100,000.00 for Direct Credits;

45.1.2 K50,000.00 for Direct Debits.

45.2 The electronic payments in Clause 45.1 shall be transmitted on-line or exceptionally delivered on media acceptable removable storage media directly to ZECH accompanied by a letter.

45.3 All ZECH Member/Participating Bank/Non-banks will receive DDACC files.

45.4 **DDACC Net Settlement Positions**

45.4.1 DDACC Eligible Items shall be cleared and settled separate from CIC.

45.4.2 The DDACC net clearing positions shall be maintained separately from other clearing positions by the ZECH consolidated across ZECH Member/Participating Bank/Non-banks and the Net Settlement Positions transmitted to Bank of Zambia for settlement.

45.5 **DDACC Clearing Sessions and Settlements**

45.5.1 There shall be a minimum of three DDACC clearing and settlement sessions daily as prescribed in Schedule IV. The clearing and settlement sessions may be increased to a maximum of twelve.

45.5.2 Presenting Banks shall present or transmit DDACC files to the ZECH at the designated times for each clearing session shown in schedule IV.

45.5.3 The ZECH shall conduct clearing sessions and transmit the consolidated net settlement positions of the Member/Participating Banks to Bank of Zambia by the designated times shown in schedule IV.

45.5.4 The Bank of Zambia shall effect settlement of the consolidated net settlement positions of the ZECH Member/Participating Bank/Non-banks at the times designated in schedule IV.

45.5.5 All DDACC transactions transmitted or delivered to the ZECH shall be for instant value and settlement at times designated in schedule IV.

46 **PREPARATION OF DDACC FILES BY PRESENTING BANKS**

The Presenting Banks shall ensure that DDACC files and instructions conform to the formats and specifications contained in Appendix II.



46.1 DDACC Input File

- 46.1.1 The DDACC Input File shall be transmitted on-line to the ZECH or exceptionally delivered on acceptable removable storage media accompanied by a letter from the bank delivering the file. The files shall be used by the ZECH to calculate the DDACC net-settlement positions and for the generation of the DDACC output Files for each bank.
- 46.1.2 The contents of the records shall be fields of ASCII coded text. The format of each record in the file depends on the specific record type and its transaction code. The file shall be in Binary/Fixed Length file format containing the following:
- 46.1.2.1 Header Record
 - 46.1.2.2 Voucher Control Records
 - 46.1.2.3 DDACC transactions
 - 46.1.2.4 Trailer Record
- 46.1.3 A DDACC file shall contain one batch only and the batch shall contain either credits or debits only but not both.
- 46.1.4 A transaction in a credit batch shall not have a value of exceeding K100,000.00.
- 46.1.5 A transaction in a debit batch shall not have a value exceeding K50,000.00.
- 46.1.6 Where a file has transactions exceeding the specified limits it will be rejected with answer 'Batch items exceed set limit'.
- 46.1.7 The transactions in the batch shall be in balance with the VCRs and Trailer. Where the VCRs and Trailer is out of balance the file shall be rejected by the ZECH and returned to the Originating Bank for correction. The ZECH Member/Participating Bank/Non-bank shall correct and retransmit or deliver the file to ZECH.
- 46.1.8 It shall be the responsibility of each Presenting Bank to ensure that data files transmitted or delivered to ZECH are complete and accurate in all aspects.
- 46.1.9 The Presenting Bank shall confirm the validity of the DDACC file, which is extracted for each captured batch at ZECH.
- 46.1.10 The Presenting Bank shall upon receipt of the "Validation File" verify the file contents, rename the file and re-transmit it to the ZECH to indicate that the DDACC Input File is valid.

47 RECALL OF ERRONEOUSLY GENERATED EFT FILES

- 47.1 The Originating Bank may erroneously send an EFT file to the ZECH. To resolve such anomalies, the Originating Bank shall recall such erroneous file.
- 47.2 The Originating Bank shall perform a Recall procedure to recall the erroneous file. The Recall procedure shall only recall the entire file and initiated within the same session.
- 47.3 Where a Recall procedure is performed:
- 47.3.1 No formal notification shall be sent to the Destination Bank before initiating a recall procedure.
 - 47.3.2 The Originating Bank shall send a recall notification to ZECH via the messaging facility informing them of the action taken.
 - 47.3.3 The recall procedure shall not affect the Destination Bank i.e. the Destination Bank shall not receive any file from the Collecting Bank or ZECH.



48 **REVERSAL OF ERRONEOUS EFT FILES/TRANSACTIONS**

- 48.1 The Originating Bank may erroneously send or duplicate an EFT file or transaction to another bank. To resolve such anomalies, the Originating Bank shall reverse such erroneous files or transactions by sending reversal files to the Destination Bank via the ZECH.
- 48.2 The Reversal File shall be initiated by the Originating Bank any time after the close of a particular session to reverse the entire file or only the affected transactions.
- 48.3 Where a Reversal File or Reversal Transaction is generated:
- 48.3.1 The reversal file/s or transaction/s shall be sent within 5 days.
- 48.3.2 After 5 days, formal notification is required (letter, phone, email or fax) shall be sent to the Destination Bank/ Non-bank Financial institution and ZECH before sending the correcting file or Transaction.
- 48.3.3 Where the Originating Bank/ Non-bank Financial institution reverses the entire file, the Reversal File shall contain the exact details of the transactions in all respects as the Original file except the File Type in the Header Record (HR).
- 48.3.4 Where the Originating Bank/ Non-bank Financial institution reverses a transaction, the Reversal file shall contain the exact details of the Original transaction in all respects with the appropriate EFT Reversal File Type code in the HR.
- 48.3.5 An EFT file and its corresponding EJ reversal file shall not participate in the same clearing session.
- 48.3.6 Banks shall accept and process the EFT reversal file/s or transaction/s that has/have been verified without seeking the authority of the account holders.

49 **TRANSMISSION/PRESENTATION OF ELECTRONIC DATA FILES**

- 49.1 The DDACC Input File may be transmitted on-line to the ZECH or exceptionally delivered on acceptable removable storage media accompanied by a letter.
- 49.2 DDACC Input Files shall be in a prescribed format (Refer to Appendix II). Only the Presenting Bank and the ZECH shall have access to a presenting Bank's interface directory.

50 **PROCESSING OF DDACC FILES BY ZECHL**

- 50.1 Each participating ZECH Member/Participating Bank/Non-bank shall be allocated a directory on the ZECH database controller through which it shall communicate with the ZECH.
- 50.2 The DDACC Input File shall be transferred to ZECH Member/Participating Bank/Non-bank's interface directory for processing and the resulting DDACC Output File shall be created by ZECH in this directory for retrieval by ZECH Member/Participating Bank/Non-bank.
- 50.3 Subsequent to loading the file onto the system by ZECH each participating Bank shall confirm its transmission of each file to the ZECH.
- 50.4 **ZECH Obligations on Receipt of a DDACC Input File from the Presenting Bank/Non-bank**
- 50.4.1 ZECH shall carry out a standard validation of the DDACC Input File as follows:
- 50.4.1.1 Check that all fields are in the prescribed DDACC format (Refers to Appendix II).
- 50.4.1.2 Check that the Bank code component in the Bank sort code is for a valid Bank.
- 50.4.1.3 Check that the transaction code is valid.
- 50.4.2 Validation of the DDACC file shall be at the control level and shall comprise validating the file type and the business date for which the items are being presented.



- 50.4.3 All batches of electronic credits and debits included in the file shall be validated for correctness of content and interface details. They shall also be validated to ensure that credit and debit information as well as control totals reconcile.
- 50.4.4 Where any batch in a file fails validation the entire file shall be rejected and none of the transactions shall be included in the determination of the net-settlement position.
- 50.4.5 Any file that fails this basic validation shall be rejected in its entirety at the point of failure. A file may also be rejected for the following reasons:
- 50.4.5.1 Non ASCII format.
- 50.4.5.2 Non-compliance with the transaction field and content format.
- 50.4.6 Item total differs from the total in the VCRs and Trailer or the calculated total value of the transactions differs from the total value in the VCRs and Trailer
- 50.4.7 No further validation shall be permitted.
- 50.4.8 ZECH shall advise the Presenting Bank and return the rejected file.
- 50.4.9 ZECH shall not undertake corrections to the files.
- 50.4.10 Where the file is successfully validated by ZECHL, each transaction in the electronic batch shall be processed and distributed to a destination file (the DDACC Output File) for its account holding ZECH Member/Participating Bank/Non-bank.
- 50.4.11 At the end of the clearing process, all transaction-files and report files shall be made available for access by the account holding ZECH Member/Participating Bank/Non-bank only in the respective directory.
- 50.5 **Charges for Processing Incorrect and Incomplete Data Files**
- 50.5.1 The charge for any incorrect or incomplete data file shall be the Kwacha amount specified in Schedule VII.
- 50.6 **Settlement of DDACC Net Clearing Positions by Bank Of Zambia**
- 50.6.1 ZECH shall transmit DDACC net settlement to Bank of Zambia via RTGS, where funds are available to cover the net settlement positions, effect settlement within the settlement times as stipulated in Schedule IV and advise the ZECH of the settlement.
- 50.6.2 ZECH shall advise electronically by on-line transmission or external storage media the beneficiary Banks and the Paying Banks of the confirmed settlement.
- 51 **THE RECEIVING BANK'S OBLIGATIONS ON RECEIPT OF CREDITS VIA DDACC**
- 51.1 The Receiving Bank shall immediately credit the customer's account in respect of the credit(s) received via each DDACC settlement. Refer to Schedule IV and IX for outlying areas.
- 52 **PAYING BANKS' OBLIGATIONS ON RECEIPT OF A DIRECT DEBIT FOR A CUSTOMER'S ACCOUNT**
- 52.1 Each Paying Bank shall, prior to accepting a direct debit against a customer's account have in its possession a valid authority (mandate) from the customer to accept that debit.
- 52.2 Each Paying Bank shall, prior to accepting a direct debit against a customer's account have in its possession a valid indemnity from the beneficiary's bank with respect to all debit instructions issued to the Paying Bank.
- 52.3 The Collecting Bank, which is the Banker to the payee (beneficiary) of a direct debit, shall indemnify the Paying Bank against any erroneous debits. The effect of the indemnity shall be that where a Paying Bank notifies the Payee's Bank of the erroneous debit, the Payee's Bank shall credit the Paying Bank within two business days the proceeds of the direct debit.



53 **ELIGIBLE ITEMS FOR DDACC**

- 53.1 Payments that may be made by direct debits/credits include;
 - 53.1.1 Mortgage and other loan repayments
 - 53.1.2 Insurance and personal pension premiums
 - 53.1.3 Rates and community charge installments
 - 53.1.4 Minimum amount due to credit card issuers
 - 53.1.5 Subscriptions to large clubs and associations
 - 53.1.6 Utilities (e.g. electricity, telephone, water, TV rental, rents, medical, schools)
 - 53.1.7 Equipment rental and maintenance
 - 53.1.8 Dispersal credits – These are multiple credits originated by one customer to a number of different accounts at various Banks e.g. monthly salaries by an employer.
 - 53.1.9 Third Party payments – These are payments of cash or cheques by a person across a Bank's counter for the benefit of a third party holding an account with another Member/Participating Bank.
 - 53.1.10 Standing orders issued by customers
 - 53.1.11 Standing orders from other Member/Participating Banks
 - 53.1.12 Transactions from shared facilities including Automated Teller Machines (ATMs) and Electronic Funds Transfer Point of Sale (EFTPOS).

54 **RESPONSIBILITIES OF COLLECTING BANK - DDACC**

54.1 **Duty of Care**

It shall be the responsibility of the Collecting Bank to exercise a duty of care on customer instructions to transfer funds through DDACC to the credit of an account at another Bank.

55 **RESPONSIBILITIES OF RECEIVING BANK - DDACC**

- 55.1 To credit customers accounts for immediate value upon receipt of credit in the DDACC settlement.
- 55.2 The Receiving Bank shall credit for immediate value the customer's account in respect of credit received via DDACC.
- 55.3 Failure by the Receiving Bank to give same day value to a customer shall result in penalties provided for under the undue enrichment provisions in these rules; Clause 62.

56 **ERRONEOUS DIRECT DEBIT**

- 56.1 A Direct Debit shall be deemed erroneous where:
 - 56.1.1 there were changes in the amount of the debit or the collection dates and these changes were not notified, 14 days in advance, to customer.
 - 56.1.2 the customer has cancelled the direct debit by written notification to the Paying Bank.
- 56.2 Where an erroneous debit has been notified to the Paying Bank by the customer, the Paying Bank:
 - 56.2.1 shall not make an immediate refund of the incorrect debit notified by the customer.
 - 56.2.2 shall immediately make a claim against the indemnity.
- 56.3 Such a claim shall state:
 - 56.3.1 The Paying Bank
 - 56.3.2 The name and account number of the customer.
 - 56.3.3 The payee, amount and date of the Direct Debit.



57 UNPAID DIRECT DEBITS

57.1 Unpaid Direct Debits fall into 3 categories:

57.1.1 When the Paying Bank is giving advice of change of circumstances to the DDM or the Payer's account to the Service Provider, e.g. Mandate cancelled.

57.1.2 Where the Payer disputes the due date, amount or frequency of a Direct Debit either following receipt of an advance notice or as a result of an outstanding dispute with the Service Provider, e.g. single payment stopped.

57.1.3 Where the paying Bank is referring the payment back to the Service Provider as notification of non-payment e.g. Refer to Payer.

57.1.4 For categories 56.1.2 & 56.1.3 above the Service Provider has the option to re-present an unpaid Direct Debit to the paying Bank for settlement. See section on representation.

57.2 When the Paying Bank does not pay a Direct Debit it shall be returned unpaid to the Service Provider on the day of presentation or exceptionally on the following working day.

57.3 The Paying Bank shall immediately advise the Collecting Bank of a dishonored Direct Debit by way of a DDACC counter debit no later than the first DDACC session of the following day.

57.4 Direct Debits may be returned unpaid by the Paying Bank when:

57.4.1 The Paying Bank gives advice to the Service Provider of change of circumstances to the DDM (e.g. Mandate cancelled).

57.4.2 A Payer disputes the due date, amount or frequency of a Direct Debit.

57.4.3 The Paying Bank is referring the payment back to the Service Provider as notification of non-payment (e.g. 'Refer to Payer').

57.4.4 An unpaid Direct Debit shall be debited from a Service Provider's account within 24 hours after the payment entry day.

57.4.5 Unpaid Direct Debits shall be sent back with appropriate transaction code as per Schedule 1 of these Rules.

57.5 Maximum number of times a Direct Debit will be unpaid:

57.5.1 A Direct Debit shall be returned unpaid not more than 3 times before the next due date.

57.5.2 Where a Direct Debit has been returned unpaid for 3 times, the Paying Bank shall immediately cancel the DDM and advise both the Payer and Service Provider.

57.5.3 Where the Collecting Bank still sends the Direct Debit, ZECHL shall penalize the Collecting Bank as per Schedule III.

58 REASONS FOR RETURN

58.1 A Direct Debit shall only be returned unpaid with the appropriate reason codes detailed in Schedule XI – Return Reason Codes.

58.1.1 Where the Paying Bank fails to include the reason codes for returning Direct Debits, the Collecting Bank shall not accept the returned items the reason being "failure to include reasons for return by Paying Bank".



58.2 The reason codes are subject to review and a Service Provider should take this into account when designing its system.

58.3 The Service Provider shall receive details of the unpaid Direct Debit and the reason for return from the Collecting Bank.

58.4 Paying Banks' returned unpaid Direct Debits shall be processed via the ZECH.

59 **TIMELY RETURN OF UNPAID DIRECT DEBITS**

59.1 A Direct Debit shall be paid, or returned unpaid by the Paying Bank on the day of presentation or exceptionally not later than the first DDACC session of the following day.

59.2 A Direct Debit shall be paid, or returned unpaid by the Paying Bank under the following circumstances:

59.2.1 Lack of funds.

59.2.2 Payment has been stopped by the Payer at any time not later than four business days before the payment date.

59.2.3 The account has been closed.

59.2.4 The Payer's Mandate has been determined, e.g. death.

59.2.5 Lodgement of an arrestment or garnishee no later than close of business on due date.

59.2.6 Any other valid reasons as specified in Schedule 1.

59.3 Banks can only accept returns if they match original Direct Debits submitted under the current processing cycle and which are received as specified in the ZECH Rules.

59.4 Service Providers shall seek advice from their Bank in the event of any queries.

59.5 An unpaid Direct Debit shall be debited from a Service Provider's account immediately.

60 **RE-PRESENTATION OF AN UNPAID DIRECT DEBIT**

60.1 A re-presented Direct Debit is a debit which has been previously returned unpaid by the Paying Bank and is represented by the Service Provider for collection

60.2 **Authority to re-present:**

60.2.1 The consent of the Payer to debit his or her account as expressed in the DDM also constitutes implied consent to the re-presentation of an unpaid Direct Debit originated under that authority. It does not arise from the existence of a debt owed by the Payer to the Service Provider. Re-presentation must only occur when the Service Provider may reasonably assume that the conditions necessary for payment shall be met.

60.3 **Application:**

60.3.1 An unpaid Direct Debit must only be re-presented by the Service Provider if the following criteria are met:

60.3.1.1 Re-presentation takes place before the next due date.

60.3.1.2 The amount of the re-presented Direct Debit is the same as that originally dishonoured.

60.4 **Time Re-representation:**

60.4.1 If payment has not been made within this period, the Service Provider shall make other arrangements directly with the Payer for collecting the amount due or give Advance Notice of the new collection date and amount, or advice of the of payment amalgamation



60.5 Best practice standards:

- 60.5.1 If a Direct Debit payment is returned unpaid by the Paying Bank the Service Provider shall liaise with the Payer to offer a new collection date.
- 60.5.2 A Service Provider shall give at least 5 working days' notice to the Payer of the new collection date.

61 UNAPPLIED DIRECT CREDITS

- 61.1 Wrongly cleared credits shall be returned through the ZECH immediately for the next available settlement session.
- 61.2 Where claims are excluded they can only be presented direct, and with the Paying Bank's consent, or be held over to the next day.
- 61.3 Wrongly cleared bills payable in the local clearing areas are not to be returned to the clearing centre/presenting ZECH Member/Participating Bank/Non-bank's branch but should be credited to the Paying ZECH Member/Participating Bank/Non-bank's branch via DDACC.
- 61.4 The Banks shall ensure that credits received with incorrect details are not applied. No manual intervention shall be used to make any corrections.
- 61.5 If it is not possible to apply a credit to an account due to, for example, the beneficiary being deceased or account transferred, the item must be returned to the Originator's account in accordance with Schedule XI on Return Reason Codes.
- 61.6 The Receiving Bank shall return the unapplied credit to the Originator via the ZECH and give appropriate information why the credit was unapplied. The Bank shall return the credit to the Originator's bank together with a consolidated report giving reasons for returning each unapplied credit. An Unapplied Direct Credit shall be returned to the Originator's account within 24 hours.
- 61.7 Unapplied Credits shall be sent back with transaction code 97 with return reason codes as detailed in Schedule XI – Return Reason Codes.

62 COMPENSATION FOR UNDUE ENRICHMENT

62.1 Bank to Customer

- 62.1.1 A Receiving Member/Participating Bank that fails to provide final funds to its customers within one business day of the receipt of credit in respect of a DDACC transaction in its current account at the Bank of Zambia shall pay the beneficiary interest.
- 62.1.2 A Collecting Member/Participating Bank shall pay interest to its customer where it delays in crediting the customer's account with proceeds credited to the Bank's account at Bank of Zambia in respect of a DDACC transaction.
- 62.1.3 The Paying Member/Participating Bank shall pay interest to a customer where it receives payment from the customer to effect a transfer via DDACC and delays the transfer of such funds for more than one business day.
- 62.1.4 The interest in respect of a DDACC transaction shall be calculated daily by applying the weighted average yield rate on the 91 day Treasury Bills in the auction immediately preceding the date of the delay. This rate will apply each day the intended beneficiary's account is not credited.



63 THE BENEFITS OF DDACC

63.1 BENEFITS OF DIRECT DEBIT

63.1.1 The DD brings considerable cost saving advantages to the payments industry. The Direct Debit allows a Payer to authorise regular payments from payer's bank account. These amounts can vary by amount and date, as long as the Payer has been given adequate Advance Notice.

63.1.1.1 The Benefits for the Service Provider:

- 63.1.1.1.1 Reduced collection errors leading to better service quality.
- 63.1.1.1.2 Reduced administration costs.
- 63.1.1.1.3 Certainty of payments and improved cash flow.
- 63.1.1.1.4 Provides a database of regular Payers that can be used as an aid to marketing, planning and credit rating.
- 63.1.1.1.5 Increased take-up as costs can be spread across the year.

63.1.1.2 The Benefits For The Payer:

- 63.1.1.2.1 An easy and convenient payment method.
- 63.1.1.2.2 Ensures that payments are made on time.
- 63.1.1.2.3 Direct Debit can help with budgeting by spreading payments over time.
- 63.1.1.2.4 Attracts discounts and incentives from many Service Providers.
- 63.1.1.2.5 Direct Debit protects the interests of the Payer with a guarantee. The Direct Debit Guarantee provides assurance to the Payer that any monies debited in error shall be immediately refunded by the Payer's Bank. Advance Notice must be given if the terms of the payment change and the Payer may cancel a Direct Debit Mandate (DDM) at any time.

63.2 BENEFITS OF DIRECT CREDITS

- 63.3 The cost of cheques is eliminated.
- 63.4 Reduced administration costs: preparation and checking of cheque payments can be a time-consuming task for both staff and management.
- 63.5 There is no need to track individual payments as they are cleared through the banking system. This helps with reconciliation.
- 63.6 It improves cash flow because the Payer remains firmly in control of payment schedules having specified the exact date on which payments are debited to their account, and can easily change that decision up to the point of transmission.
- 63.7 It offers greater security as it reduces fraud and theft and provides the safest and most reliable way to make payments.
- 63.8 It reduces all the security risks and costs associated with collection or delivery of cash or of storing it on premises.



PART IV: SERVICE PROVIDERS

64 BECOMING A DIRECT DEBIT SERVICE PROVIDER

- 64.1 An organisation wishing to join the DD shall contact its Bank who shall advise it of the steps required in becoming a DD Service Provider as a Service Provider. Its Bank shall consider the request to accept an organisation as a DD Service Provider. The organisation must execute an Indemnity (Form DD 1) in favour of all Banks participating in the DD.
- 64.2 On acceptance of an organisation's application, the Bank shall give advice to help the Service Provider to comply with the rules. On request by the Service Provider the Bank may provide a copy of this document.
- 64.3 The DD may sometimes be unsuitable for non-corporate bodies because the Indemnity liability in some such cases falls directly upon individuals without limitation as to time and amount.
- 64.4 The Service Provider must submit all documentation it intends to use in its Direct Debit operations, to its Bank, for prior approval.

64.5 THE DIRECT DEBIT MANDATE (DDM) – Form DD 8

64.5.1 The Direct Debit Mandate

- 64.5.1.1 The Direct Debit Mandate (DDM) is the method by which Service Providers obtain the Payer's authority and account details to debit his account. The design of the DDM must follow the prescribed format and be agreed by the Bank (refer to Appendix V).

64.6 THE DIRECT DEBIT GUARANTEE OFFER

- 64.6.1 The Direct Debit Guarantee is offered by Paying Banks as an assurance to Payers that:
 - 64.6.1.1 In the event of an error the Payer shall immediately be refunded by the Paying Bank.
 - 64.6.1.2 Advance Notice shall be given before collections are made.
 - 64.6.1.3 The Payer may cancel the DDM at any time.
- 64.6.2 The Direct Debit Guarantee must be issued to the Payer with the DDM or the Advance Notice.

64.7 COMPLETION AND LODGEMENT

- 64.7.1 Once the Payer has returned the completed DDM, the Service Provider must ensure that all relevant information is recorded before lodging it with the Payer's Bank.
- 64.7.2 Upon receipt, the Payer's Bank shall either accept or reject the DDM.
- 64.7.3 If rejected the DDM is returned to the Service Provider who shall notify the Payer.

64.8 THE ADVANCE NOTICE — Form DD 4

- 64.8.1 This is the method by which Service Providers give notice to the Payer before the first direct debit payment is collected. It must also be given if the due date, frequency or payment amount changes.
- 64.8.2 The Service Provider shall agree the period of Advance Notice with the Payer. The default period in the absence of any other agreements is a minimum of 14 working days. As such the time period used in the Direct Debit Guarantee is the time allowed between the Payer receiving the Advance Notice and the first or amended payment.



64.9 THE COLLECTION PROCESS FOR DIRECT DEBITS

64.9.1 This is the process whereby the Service Provider collects Direct Debits from its Payers. The management and timing of the collection is the Service Provider's responsibility. The collection must be made accurately and in a timely manner.

64.9.2 Direct Debit is the method of collecting payments and the Banks are not responsible for any underlying contract between the Service Provider and the Payer.

64.10 MANAGEMENT ADMINISTRATION FOR DIRECT DEBITS

64.10.1 A Service Provider may outsource its Direct Debit payment method.

64.11 RE-PRESENTATION OF UNPAID DIRECT DEBITS

64.11.1 A re-presented Direct Debit is a debit, which was previously returned by the Paying Bank as unpaid. An Unpaid Direct Debit may be re-presented by the Service Provider within one month of the date on which first presentation was made. It must be for the same amount as originally presented.

64.12 DIRECT DEBIT MANDATE AMENDMENT AND CANCELLATION — Form DD 3

64.12.1 Any change, amendment or cancellation of the DDM advised by the Payer takes effect as soon as the Paying Bank or the Service Provider receives written notification. The Paying Bank must advise the Service Provider of any change, amendment or cancellation of the DDM.

64.13 THE PAYMENT PROCESS FOR DIRECT CREDITS

64.13.1 This is the process where payments are made by Bank transfer for goods and services. The management and timing of payments is the responsibility of the Originator.

64.14 INDEMNITY CLAIMS

64.14.1 Paying Banks shall refund the Payer in the event of an error. If the Service Provider makes the error, Paying Banks shall use the Indemnity Claim process to reclaim the refund from the Service Provider.

64.14.2 The Service Provider must settle an Indemnity Claim within 14 working days of the date of the claim. The Service Provider may in certain circumstances raise a Counter Claim.

64.14.3 Where the Paying Bank has made a payment in error, it may send a Refund Request Form (FORM DD 6) to the Service Provider's Bank.

64.15 MARKETING

64.15.1 It is the role of the Bank to provide information, advice and guidance upon all aspects of the Service Provider's Direct Debit operations, including marketing advice.

64.16 STANDING ORDER CONVERSION

64.16.1 A number of Service Providers also receive payment from some of their customers by Standing Order. This is an automated payment initiated by the Payer's Bank on behalf of the Payer for a fixed amount on a fixed date.

64.16.2 Service Providers can increase efficiency and reduce costs by convincing customers to make payments by Direct Debit.



64.17 **MONITORING OF DDACC**

64.17.1 Service Providers must seek advice from their Banks if in doubt as to any aspect of DDACC and its rules.

64.17.2 Service Providers must advise their Banks in writing of any changes to their status and/or communication literature. Banks shall monitor the operation of DDACC to ensure the required standards are achieved and maintained by all Service Providers.

64.17.3 Notwithstanding Clause 64.17.2 above, the Bank of Zambia shall from time to time monitor and review the operations of DDACC to ensure that the required standards are achieved and maintained by both Banks and Service Providers.

64.17.4 Where the Bank of Zambia finds that a Bank or Service Provider is not complying with DDACC Rules, and decides that the Bank or Service Provider be allowed to rectify the shortcomings, then the Bank or Service Provider shall have fourteen (14) working days from the effective date of review in which to rectify its DDACC operations to the required standards. During this period, the defaulting Bank or Service Provider will be liable to a penalty not exceeding 50,000 (Fifty thousand) penalty units (currently calculated at K180.00 per penalty unit) for each day that it operates below the required standards. And, in the event that the defaulting Bank or Service Provider fails to rectify its DDACC operations within the stipulated period, then the Bank or Service Provider shall be dealt with as outlined in Clause 14 and Clause 88.4 respectively.

64.18 **EXIT FROM DIRECT DEBIT**

64.18.1 A Service Provider may withdraw from DD voluntarily. In addition a Service Provider may be required to withdraw by its Bank or due to termination of its legal capacity (bankruptcy or liquidation).

64.18.2 The Bank shall manage the Service Provider's withdrawal from DD. Even though the Service Provider has ceased to collect Direct Debits, it shall still be liable for any Indemnity Claims which shall be raised by the Paying Banks for Direct Debits applied to the Payer's account during the period of the Service Provider's participation in the Direct Debit. In all cases this liability is not restricted in respect of time or amount.

65 **JOINING DDACC AS A SERVICE PROVIDER**

65.1 An organisation wishing to join DDACC should contact its Bank who shall advise it of the steps required in becoming a DDACC Service Provider as a Service Provider. Its Bank shall consider the request to sponsor the organisation as a Service Provider. The Service Provider must execute an Indemnity in favour of all Banks participating in DDACC.

65.2 Only corporate bodies to use the DDACC service.

65.3 **The Service Provider must submit all documentation it intends to use in its Direct Debit and Credit operations to its Bank for prior approval.**

65.4 **APPLICATION FOR PARTICIPATION**

65.4.1 The application of a prospective Service Provider must stand on its own merits. It is the Bank's duty to assess the suitability of the prospective Service Provider.

65.4.2 Consideration shall include:

65.4.2.1 Contractual capacity.

65.4.2.2 Financial standing.

65.4.2.3 The quality of its administrative, internal controls and control environment.



- 65.4.3 A service provider must have a registered address in Zambia and a local currency account with a commercial bank, which should be a participating bank in the interbank clearing. All communications in respect of DDACC shall be posted to the registered address.
- 65.4.4 A service provider must complete and lodge an Indemnity with its Bank. A service provider which is an overseas registered company, or which has its principal place of business overseas, may be required to provide legal opinion that the Indemnity would be enforceable under the overseas jurisdiction and provide proof of adequate assets within the Zambian jurisdiction.
- 65.4.5 The success of the application shall not be influenced by the existence or availability of any private insurance to cover a Service Provider's Indemnity liability.
- 65.4.6 Third party support for the liability assumed under the Indemnity shall not be acceptable to the Bank. However, in this context, the relationship between parent and subsidiary companies is not deemed a third party relationship.
- 65.4.7 **SERVICE PROVIDER'S ACCOUNT**
- 65.4.7.1 This must be in the name of the Service Provider and held by the Collecting Bank.
- 65.4.7.2 Service Providers may in some instances hold an account with more than one Bank.
- 65.5 **PARTICIPANT CODES**
- 65.5.1 These are codes that identify all Service Providers that participate in the DD and those that generate multiple Direct Credit transactions regularly.
- 65.5.2 The ZECH shall validate all Participate Codes for Service Providers that participate in the DD or DC against the Transaction Types they have signed up for.
- 65.5.3 **Allocation of Participant Codes:**
- 65.5.3.1 It is the Bank's duty to assess the suitability of the prospective Service Provider to be allocated a Participant Code.
- 65.5.3.2 The bank shall formally apply to the ZECH for the allocation of the Participant Code to the Service Provider.
- 65.5.3.3 The ZECH shall allocate a Participant Code to the Service Provider and shall advise all the Participating Banks the relevant code.
- 65.5.4 **Application of Participant Codes:**
- 65.5.4.1 It is the responsibility of the Originating Bank to ensure that correct Transaction Types are used for each Participant Code for which Service Providers have signed up for when sending the DDACC transactions to the Destination Banks.
- 65.6 **THE INDEMNITY — FORM DD 1**
- 65.6.1 As a condition of participation in the Direct Debit, a Service Provider must execute a standard form of Indemnity (Form DD 1), which must be obtained from its Bank. By executing the Indemnity, the Service Provider is bound by the terms and conditions of the Indemnity.
- 65.6.2 The purpose of the Indemnity is to underwrite the protection offered to the Payer under the Guarantee.
- 65.6.3 Service Providers should note that the liability is unlimited as to:
- 65.6.4 Direct Debits originated prior to receipt by the Banks of written notice of termination of the Indemnity.



- 65.6.5 Amount – the liability of a Service Provider arises in respect of Direct Debits originated in error. Also where a Service Provider has failed to collect, consequential losses attributed to such errors may also arise. (e.g. failure to collect an insurance premium can result in loss of cover).
- 65.6.6 When the Direct Debit Indemnity is executed, a certified copy of the appropriate authorising resolution must accompany Form DD2. This must authorise participation in the Direct Debit, specify to whom the Indemnity is addressed and identify the signatories by name and official capacity.
- 65.6.7 After execution, the Service Provider must return the signed Indemnity and accompanying authorising resolution to its Bank.
- 65.6.8 A Service Provider must immediately advise its Bank if there is any change in its legal status. In this event, the Service Provider must obtain new DDM's from its Payers.
- 65.6.9 Should a Service Provider cease to use its Direct Debit payment method, the Service Provider must provide written notice of termination to its Bank.
- 65.6.10 The Service Provider shall continue to be liable for all Direct Debits originated during its period of participation in the DD and any subsequent Indemnity Claims raised by the Paying Banks.
- 65.6.11 **INDEMNITY DOCUMENTATION**

65.6.11.1 The Indemnity must not be signed until after the authorising resolution has been passed. Refer to Appendix VI for examples of prohibited practices.

65.7 **DIRECT DEBIT MANDATE**

65.7.1 The DDM is the method by which Service Providers obtain the Payer's authority to debit their account. It is important that the DDM provides all the necessary information to enable collection by Direct Debit and that the Payer is provided with a clear understanding that they have given their authority to debit their account. There is a standard format for the DDM (Form DD 8), which has been designed to make it easy for the Payer to complete and to ensure that all the details necessary to set the DDM are obtained. The design of all DDM's must be approved in writing from the Service Provider's Bank before the Service Provider can issue the DDM's. The reverse of a DDM must not set out information that might be taken to be part of the Mandate. Where it is intended that additional information for Payers should be printed on the reverse of the DDM, the Bank's approval in writing must first be obtained.

65.7.2 Contents of the Direct Debit Mandate:

- 65.7.2.1 The Service Provider's name and address.
- 65.7.2.2 The heading 'Mandate to your Bank to pay by Direct Debit'.
- 65.7.2.3 The name and full postal address of the Bank where the Payer's account is held.
- 65.7.2.4 The Payer's branch sort code.
- 65.7.2.5 The Payer's Bank account number.
- 65.7.2.6 The Payers reference number
- 65.7.2.7 The Service Provider's bank sort code
- 65.7.2.8 The Service Provider's account number.
- 65.7.2.9 Payer's instruction to debit the Payer's account including reference to the Direct Debit safeguards under the Direct Debit Guarantee, signature(s) and date.
- 65.7.2.10 Amount to be debited (fixed or variable subject to a maximum amount to be specified)
- 65.7.2.11 Payment date in the format Date Month and Year (DDMMYY)

65.7.3 The Direct Debit Guarantee must be provided to the Payer with the DDM and the Advance Notice or other correspondence issued in respect of the application. Service Providers are



advised to print the Guarantee on the bottom of the DDM as a tear off portion to be retained by the Payer.

- 65.7.4 The only additional information, which is permitted, on the DDM is an optional area for a Service Provider's official use only and the Service Provider's company logo.
- 65.7.5 The Service Provider's official use area is provided solely for the internal use of the Service Provider. The Paying Bank shall not read text in this box. It must include the words shown in Form DD 8.
- 65.7.6 For Service Providers who include a DDM with a publication i.e. magazine/journal it must be noted that the DDM must still hold the above information with the exception of the Direct Debit Guarantee, which may be omitted due to the constraints of available print space. Service Providers must however include a copy of the Guarantee with the Payer's Advance Notice or other correspondence to the Payer.
- 65.7.7 All variable DDM's in terms of amount should be subject to a maximum amount, date and frequency. These details must be advised to the Payer by Advance Notice.
- 65.7.8 The use of certain practices and additions to the DDM are prohibited. Refer to Appendix VI – Examples of prohibited practices.

65.8 THE DIRECT DEBIT GUARANTEE

- 65.8.1 It is recommended that the Guarantee is printed as a tear off strip at the bottom of the DDM so that it can be retained by the Payer. For Service Providers who print the DDM in a publication and are not able to include the Direct Debit Guarantee due to the constraints of available print space, the Guarantee must be issued to the Payer with the Advance Notice or other correspondence issued in respect of the application. A Service Provider must enter the number of days of Advance Notice that shall be given to the Payer in respect of payments to be collected under the DDM.
- 65.8.2 The Service Provider may agree the period of Advance Notice with the Payer. The default period in the absence of any other agreement is a minimum of 14 working days. As such, the time period used in the Direct Debit Guarantee is the time allowed between the Payer receiving the Advance Notice and the first / amended payment.
- 65.8.3 Service Providers must not present a Direct Debit for collection prior to the expiry of the notice period. The paying Bank must meet the terms of the debit Guarantee

65.9 THE CHOICE OF PAYMENT DATE

- 65.9.1 There is no objection to the Service Provider indicating in the Service Provider's 'for official use' box the dates on which payments are intended to be made, or even offering a choice of date. The box must however prominently include the words 'This is not part of the Mandate to your Bank'. The contents of this box shall not be read or monitored by the Paying Bank.

65.10 STANDING ORDER CONVERSION



- 65.10.1 A number of Service Providers also receive payment from some of their customers by Standing Order. This is an automated payment initiated by the Payer's Bank on behalf of the Payer for a fixed amount and date.
- 65.10.2 There is a standard combined DDM / Related Standing Order Cancellation Form (Form DD 9) to be used when the Service Provider is running a conversion campaign.



65.11 **SERVICE PROVIDER'S RESPONSIBILITIES**

- 65.11.1 The Service Provider must ensure that its Bank approves all proposed literature in respect of its DDACC application. If an error is discovered after the printing of the approved DDM the Service Provider must immediately contact its Bank who shall advise of the appropriate action to be taken. This may involve the destruction of the erroneous DDM's and reprinting in the correct format.
- 65.11.2 Service Providers must ensure that the DDM is correctly completed prior to dispatch to the Paying Bank. DDM's can only be lodged with the Paying Bank by the Service Provider and not directly by the Payer.
- 65.11.3 A Service Provider using the tear off slip DDM format for additional information must ensure that this is detached before submission to the Paying Bank. The DDM is not evidence of any contract between the Service Provider and the Payer's Bank
- 65.11.4 Refer to Appendix VI for examples of prohibited practices.
- 65.11.5 The Direct Debit Guarantee provides assurance to the Payer that any monies taken in error by the Service Provider or the Paying Bank shall be immediately refunded by the Payer's Bank. It confirms to the Payer that he may cancel a Direct Debit at any time. The Direct Debit Guarantee wording as illustrated in Form DD 8 must not be varied in any way.

66 **ADVANCE NOTICE - FORM DD4**

- 66.1 Advance Notice (Form DD4) is the method by which Service Providers give notice to the Payer before the first Direct Debit payment is collected. It must also be given if the due date frequency and amount changes.
- 66.2 The Advance Notice must be a clear unambiguous personalised advice and must be identified as such at first glance by the Payer.
- 66.3 Where the Payer is paying on behalf of another person or party, the Advance Notice must be issued to the Direct Debit Payer, i.e. the person who signed the DDM.

66.4 **CONTENTS OF ADVANCE NOTICE**

- 66.4.1 The Advance Notice must be clear and provide the Payer with the following details:
- 66.4.1.1 Total amount of Direct Debit.
 - 66.4.1.2 Direct Debit due date (including day, month and year).
 - 66.4.1.3 Frequency of Direct Debit payment, where an Advance Notice is not issued for each payment or where an advance schedule of specific dates is not issued.
 - 66.4.1.4 Direct Debit Reference number.
 - 66.4.1.5 Advance Notice period.
 - 66.4.1.6 Service Provider name.

- 66.4.2 If the payment details are altered in any way a new Advance Notice must be sent to the Payer.

66.5 **TIME SCALES**

- 66.5.1 The Service Provider must agree the period of Advance Notice with the Payer. The default period in the absence of any other agreement (the time allowed for receipt of the Advance Notice by the Payer) is minimum of 14 working days.
- 66.5.2 The Advance Notice period given to the Payer, prior to his account being debited must be shown on the Direct Debit Guarantee. This Advance Notice period can however be varied by prior agreement with the Payer.



66.5.3 Service Providers must collect the Direct Debit payment on or within 3 working days after the specified due date as advised to the Payer on the Advance Notice. Should the Service Provider fail to collect the Direct Debit as specified, further notification must be given to the Payer of the new collection date, or advice of payment amalgamation.

66.6 **VALID ADVANCE NOTICE**

66.6.1 Advance Notice can be given in written or electronic form only. Proof to the Paying Bank that Advance Notice has been issued does not provide proof of receipt by the Payer.

66.6.2 Service Providers must clarify multiple collections / amalgamations. This information shall assist the Paying Bank and the Service Provider to investigate any subsequent query, which may be raised by the Payer in respect of the Advance Notice or the Direct Debit payment. The preferred practice is to avoid multiple collections / amalgamations and to use one contract procedure.

66.6.3 A Service Provider, which is a Government department or a public or local authority, collecting statutory amounts payable and where these amounts are subject to change, is required to provide individual Advance Notice to each Payer. The DD does not support advice being given in any statute or subordinate legislation duly passed or made by Parliament or where details of the change are given in a national publication, e.g. changes to VAT, insurance premium, tax etc.

66.7 **WRITTEN NOTIFICATION**

66.7.1 Service Provider may give written notification to the Payer within the following documentation:

66.7.1.1 a letter addressed to the Payer.

66.7.1.2 in a schedule where dates / amounts are known in advance.

66.7.1.3 *in a statement.

66.7.1.4 *in an invoice.

66.7.1.5 Within a contract which may be issued between the Service Provider and the Payer.

*N.B. both of these must clearly display that collection is for Direct Debit, the amount to be debited and the due date, e.g. 'This invoice is for information purposes only. The amount due shall be collected by direct debit on or immediately after...'

66.8 **ELECTRONIC NOTIFICATION**

66.8.1 Electronic notification may be given by the Service Provider on any form of electronic hardware. Use of electronic notification is at the Service Provider's risk as the duly authorised person may dispute receiving such advice.

66.9 **NOTIFICATION OF OUTSTANDING FUNDS – CONTRACT CANCELLED**

66.9.1 If a Payer cancels his contract and / or service with the Service Provider, then any outstanding sum may continue to be collected by Direct Debit, by arrangement with the Payer and provided that the existing DDM has not been cancelled.

66.9.2 It is essential that proper and adequate Advance Notice be given to the Payer of the dates, amount and frequency of such payments.

66.10 **EXCEPTIONAL DISPENSATION**

66.10.1 Exceptionally, Advance Notice may not be required when direct action by the Payer requires the Service Provider to initiate a specific debit on Payer's Bank account under an existing DDM (one off collections are not allowed in Direct Debits).

66.10.2 If any doubt exists, guidance of the Collecting Bank must be obtained by the Service Provider before establishing an arrangement dispensing with the Advance Notice. After a Payer defaults 3



times in a row the Paying Bank should advise the Service Provider to stop sending Direct Debits on that Payer's account. The Service Providers should also notify the Payer and arrange other alternative arrangements to pay. Possible situations could be:

- 66.10.3 When the Service Provider is required to debit the Payer's account following withdrawal of cash from an automated teller machine under the control of the Service Provider.
- 66.10.4 A written request received by the Service Provider from the Payer.
- 66.10.5 A request by the Payer to the Service Provider by means other than in writing but providing an audit trail.
- 66.10.6 Refer to Appendix VI for examples of prohibited practices.

66.11 **COMPLETION AND LODGEMENT OF THE DIRECT DEBIT MANDATE**

66.11.1 The DDM once completed by the Payer is sent to the Service Provider who must ensure that all the relevant information has been completed. This information is then input to the Service Provider's system and the DDM is dispatched by the Service Provider to the Payer's Bank for lodgement.

66.12 **Completion of the Direct Debit Mandate**

66.12.1 The DDM is the authority given by the Payer to his Paying Bank to allow the Service Provider to collect Direct Debits from his account.

66.12.2 It is important that the Service Providers name must be clearly shown on the DDM and on the Direct Debit record. Where collection of Direct Debit is being made in a different trading name this name must also be reflected on the DDM.

66.12.3 The Payer is required to complete the following information on the DDM:

- 66.12.3.1 Name and full postal address of the Bank of his account holding branch.
- 66.12.3.2 The sort code number of his account holding branch
- 66.12.3.3 *Payer's account number.
- 66.12.3.4 All bank accounts should comply with the DDACC Specifications.
- 66.12.3.5 Date and account holder's signature.

66.12.4 Clear instruction must be given to the Payer to return the completed DDM to the Service Provider who shall lodge the DDM with the Payer's account holding branch.

*NB: The majority of the Paying Banks operate a 13-digit account numbering system.

66.13 **Lodgement**

66.13.1 The Service Provider must lodge the completed DDM with the Payer's account holding branch before collections may commence.

66.13.2 Where a DD is presented before the DDM an appropriate penalty will be charged as prescribed by ZECHL/BOZ

66.13.3 Each DDM shall be registered by the Paying Bank as a Power of Attorney given by the Payer for the collection of Direct Debits by the Service Provider.



66.14 Rejected Direct Debit Mandate

- 66.14.1 If rejected the DDM is returned to the Service Provider immediately but no later than 3 working days from date of receipt by the Paying Bank.
- 66.14.2 The Paying Bank shall indicate on the returned DDM that lodgement has been refused e.g. unable to accept Direct Debit against account.
- 66.14.3 The Banks reserve the right to refuse lodgement of a DDM without giving a reason for doing so. In such a case the DDM shall be returned to the Service Provider marked 'lodgement refused'.
- 66.14.4 When a Service Provider receives a returned DDM, which has been rejected, the Service Provider must contact the Payer to arrange an alternative payment method.
- 66.14.5 Some Paying Banks process DDM's centrally. In this event the Service Provider may receive a covering 'lodgement referred or rejected' form for a number of rejected DDM's. The reason for refusal may be indicated either on each DDM or on the form as shown in Form DD 5.

66.15 Service Provider's Responsibilities

- 66.15.1 Service Providers must allow a minimum of 14 working days from date of despatch for the Paying Bank to action the DDM before the first collection is presented for payment.
- 66.15.2 The first collection date cannot be prior to, but must be within 3 working days of the payment date specified to the Payer in the Advance Notice.

66.16 Paying Bank's Responsibilities

- 66.16.1 Upon receipt of the DDM the Payer's Bank shall validate the DDM i.e. shall confirm that the Payer is one of its customers and that the DDM has been properly executed.
- 66.16.2 If accepted the DDM information is recorded in the Paying Bank's customer Direct Debit records.
- 66.16.3 If rejected the DDM shall be returned to the Service Provider immediately but no later 3 working days from date of receipt.
- 66.16.4 Paying Banks have the right to refuse completed DDM's without giving a reason. In particular they shall generally refuse completed DDM's, which do not comply with the rules set out in this document.
- 66.16.5 Paying Banks may confirm Payer details to a Service Provider but are not under any obligation to do so or to disclose any additional information about the DDM or Payer's Bank details to Service Providers. Any information so given is given in good faith but neither by giving such information nor by declining to give information does the Paying Bank assume any responsibility to the Service Provider.
- 66.16.6 Example of DDM Lodgement Referred / Rejected Form - FORM DD 5
- 66.16.7 This form is used by Paying Banks to inform Service Providers of reasons for referring back for checking, or rejecting DDM's submitted for lodgement.

67 DIRECT DEBIT MANDATE ACKNOWLEDGEMENT

- 67.1 DDM Acknowledgement provides confirmation to the Service Provider that the Paying Bank has accepted lodgement of the DDM.



67.2 **Paying Bank's Responsibilities:**

67.2.1 If the DDM accepted by the Paying Bank includes an Acknowledgement, the Paying Bank shall return this to the Service Provider within 3 working days of receipt.

67.2.2 If rejected, the complete DDM, including Acknowledgement, shall be returned to the Service Provider immediately marked 'lodgement refused'.

67.3 **Service Provider's Responsibilities:**

67.3.1 Receipt of an acknowledgement from the Paying Bank is notification that the DDM has been lodged and set-up.

67.3.2 The Service Provider may then commence collection of Direct Debits providing the Payer has been given Advance Notice of the amount, date and frequency of payments to be collected from his account.

68 **THE COLLECTION PROCESS FOR DIRECT DEBITS**

68.1 This is the process whereby Service Providers collect Direct Debits from their Payers who have completed DDM's.

68.2 This process starts when the DDM has been successfully lodged with the Paying Bank. The management and timing of the collection is the Service Provider's responsibility.

68.3 In order to do this the Service Provider must maintain up-to-date records and processes designed to ensure that the collection is made accurately and in a timely manner.

68.4 Payer's records:

68.4.1 A Service Provider must maintain information for all its Payer's current records. This should cover information in respect of:

68.4.1.1 Lodgement of new DDM's.

68.4.1.2 Amendments and cancellations.

68.4.1.3 Records of amounts and date of payments collected including identification of initial, re-presented and final Direct Debits.

68.4.1.4 Failure to do this may result in a high proportion of unpaid or unapplied debits, Indemnity Claims and shall also affect customer service.

68.5 **Management Administration for Direct Debits:**

68.5.1 A Service Provider may outsource its Direct Debit payment method.

68.5.2 The Service Provider shall take full responsibility for the actions of the other Organisation operating on their behalf. This action includes:

68.5.2.1 Corresponding with the Payer, receipt of completed DDM's and lodgement with the Paying Banks.

68.5.2.2 Management of returned, amended and cancelled DDM's.

68.5.2.3 Management of payment files sent to Banks and the collection of Direct Debit records on the payment due date(s).

68.5.2.4 Reconciliation of processed, rejected and returned items.

68.5.2.5 Applying the collected funds to the Service Provider's account.



69 **THE PAYMENT PROCESS FOR DIRECT CREDITS**

69.1 This is the process whereby Customers/Originators make payments by electronic transfer directly into the Beneficiary's Bank Account.

69.2 This process starts when the DC instruction has been successfully delivered/given to the Paying Bank. The management and timing of the payment is the Customer/Originator's responsibility.

69.3 In order to do this, the Customer/Originator must maintain up-to-date records and processes designed to ensure that the payment is made accurately and in timely manner.

69.4 **Management Administration for Direct Credits:**

69.4.1 The Customer/Originator may contract an Organisation to manage its Direct Credits.

69.4.2 The Customer/Originator shall take full responsibility for the actions of the other Organisations operating on their behalf. This action includes:

69.4.2.1 Preparation of DDACC Input File in accordance with the ZECHL Rules.

69.4.2.2 Management of unapplied DC

69.4.2.3 Management of payment files sent to Banks

69.4.2.4 Reconciliation of processed, rejected and unapplied items.

69.4.2.5 Ensuring that the funds are available for the DC before the DC Input File is sent to the Bank.

70 **PREPARATION AND SUBMISSION OF DDACC FILES**

70.1 Full details of the DDACC input file requirements are specified in the Appendix II, a Service Provider can obtain a copy from their Bank. The Service Provider shall extract all the Direct Debit payments due for collection from its computer records and generate an input file which is submitted to Banks for processing.

70.2 Automated input files are not restricted to organisations having their own computers. Prospective Service Providers without such equipment are invited to discuss with their Banks or any other party of the computer services which can be made available.

71 **COMMERCIAL COMPUTER BUREAUX**

71.1 The Service Provider may outsource a Commercial Computer Bureau to produce and submit their DDACC files to Banks for processing.

71.2 The Service Provider must ensure that all payment details are correctly advised to its bureau in time to meet the payment schedule.

71.3 The bureau shall generate and submit the DDACC file in time for the payment due date(s).

72 **COLLECTION DATE, AMOUNT AND FREQUENCY**

72.1 It is the Service Provider's responsibility to ensure collection is made on the due date, i.e. the date advised to the Payer within the Advance Notice.

72.2 Collection shall be made on the payment date, provided that where the payment date is a public holiday, collection shall be made on the following business day

72.3 Should the Service Provider fail to collect the Direct Debit as specified under Rule 71.2 above, further notification must be given to the Payer, quoting the new collection date or giving advice of payment amalgamation

72.4 Where the Service Provider has collected more than intended / advised to the Payer, the Service Provider should confirm in writing directly to the Payer, the appropriate refund arrangements.



72.5 It is advisable for Service Providers to offer a choice of collection dates to their customers. This would offer budgeting options and may reduce the number of unpaid Direct Debits returned by the Paying Banks due to lack of funds.

73 **DORMANCY**

73.1 All Paying Banks shall hold details of Payer DDM's on file for a minimum period of 13 months from lodgement of the DDM in the event of no collections, or from the date of the last payment.

73.2 A Service Provider requiring all DDM's to be held for more than 13 months, from either lodgement or last collection, must seek guidance from its Bank. Requests shall be reviewed to ensure that the Service Provider, in its normal course of business, does require a dormancy period greater than 13 months. Extensions shall not be approved for Service Providers where there is concern that a number of Mandates may lapse if they have agreed with their Payer to suspend payments. Under these circumstances the Service Provider must obtain a new DDM from the Payer and lodge in the usual way.

73.3 Where a Service Provider has agreed to suspend collection of Direct Debits for a period, which exceeds the Service Provider's dormancy period the Service Provider must obtain a new DDM from the Payer and lodge it with the Paying Bank.

74 **MONITOR / CONTROL FACILITIES**

74.1 There are a number of facilities available to the Banks and Service Providers which may be used to monitor / control the Service Provider's input file. All banks should have systems that verify DDM's.

74.2 Service Provider Control:

74.2.1 **Individual item limit** – This facility enables the Service Provider to monitor individual collections and ensure these are within a set figure. Any items exceeding this limit shall be detailed on the Service Provider's input report.

74.2.2 **Audit trail** – This facility provides an audit trail for Service Providers, who may request items to be selected at random and printed on the input report.

75 **PAYER CANCELLATION OF CONTRACT DIRECT WITH THE SERVICE PROVIDER**

75.1 Where a Payer has given advice to the Service Provider to cancel the contract, this shall be taken as a cancellation advice for the DDM.

75.2 If the Payer owes outstanding funds to the Service Provider in respect of the contract, the Service Provider must clarify the payment method to be used to collect these outstanding funds.

76 **ERROR RECOVERY**

76.1 This section details procedures, timings and actions to be taken by the Service Provider in the event of errors in the payment file submitted to Banks.

76.2 The Service Provider shall be responsible for correcting the error, recreating the DDACC file and submitting it to the bank for processing.

76.3 The guidelines detailed below should be followed by the Service Providers in the event of error items.



- 76.3.1 **At Collecting Bank before sending to the ZECH:**
The Service Provider shall recreate the DDACC file with the correct data and withdraw the wrong file from the bank.
- 76.3.2 **At Paying Bank before updating customer accounts:**
After receiving advice from Service Providers, the Collecting Bank may request the Paying Bank to return items as unapplied/unpaid funds.
- 76.3.3 **After Bank processes the DDACC File:**
- 76.3.3.1 The Bank at the request of the Service Providers through their bank may reverse/correct the items.
- 76.3.3.2 A Collecting Bank may send a DDACC file to other banks to reverse/correct the wrong transactions with written documentation and appropriate return reason code as detailed in Schedule XI – Return Reason Codes
- 76.3.4 **Notification to the Payer (Error items):**
- 76.3.4.1 Where it has been possible to extract the erroneous file before the Bank processes it, the Service Provider must:
- 76.3.4.1.1 give advice of the error to the Payers affected, detailing the appropriate recovery process
- 76.3.4.1.2 confirm the new collection date and amount to the Payer, if the payment collection is to be made more than 3 working days after the original due date. The Service Provider must also confirm that it shall meet any bank charges incurred by the Payer as a result of the error.
- 76.3.4.1.3 issue the advice to the Payers on the date the error is detected but no later than 3 working days from this date.
- 76.3.4.2 These procedures apply to any error relating to a DDACC File that has been collected in error, regardless of whether it is collected before the due date or a double debit for example.
- 77 **SERVICE PROVIDER'S SYSTEM ERROR**
- 77.1 Service Providers must have contingency arrangements available to ensure their DDACC process is unaffected or there is a minimum disruption to their process should a system error occur.
- 77.2 It is the Service Providers responsibility to ensure funds collected on the due date. Advice on how to handle contingency can be obtained from the Service Provider's Bank.
- 77.3 If the system problem is not corrected in time to allow the Service Provider to submit its DDACC file on the required input day, it must contact its Bank as early as possible, who shall advise on the appropriate options available.
- 77.4 **Notification to the Payer**
- 77.4.1 If on account of a system error the Service Provider fails to process on or within 3 working days of the due date, the Service Provider is required to inform the parties affected, detailing what action has been taken and confirm the new processing date and amount.
- 78 **PAYING BANKS RESPONSIBILITIES – DIRECT DEBITS**
- 78.1 The Payer's branch shall accept Direct Debits originated under the DDM upon the understanding that it shall verify or check that:
- 78.2 the payment conforms to the terms of the DDM.
- OR
- 78.3 any purpose or condition of payment expressed in the DDM is fulfilled.



79 DIRECT DEBIT MANDATE AMENDMENT AND CANCELLATION

79.1 A Payer can choose to amend or cancel the Payer's DDM by giving the Payer's Bank branch written authority at least four business days before payment date.

79.2 In addition there are circumstances, which require the Paying Bank to give, advice to the Service Provider of a change to the DDM e.g. branch mergers.

79.3 The advice may be received in one of the following formats:

79.3.1 Paying Bank generated:

79.3.1.1 Closed branch advice or zero account number advice.

79.3.1.2 An unpaid Direct Debit advice.

79.3.2 Service Provider generated:

79.3.2.1 Account Number Change.

79.3.3 Payer generated:

79.3.3.1 Advice of cancellation from the Payer to the Service Provider.

79.4 Service Providers must apply DDM amendments and cancellations immediately or as specified by the Payer to ensure the accuracy of the direct debit collection.

79.5 Where a Payer has given advice to the Service Provider to cancel the contract this shall be taken as a cancellation advice for the DDM

79.6 If the Payer owes outstanding funds to the Service Provider in respect of the contract the Service Provider must agree the payment method with the Payer for the collection of the funds. Direct Debiting may continue to be used providing the Service Provider has given written notification to the Payer of any outstanding amounts due and confirmation of the payment due date(s). This method cannot be used if the DDM has been cancelled with the Payer's Bank, unless a new DDM has been obtained and lodged.

79.7 Having received notification of a change to the DDM from the Payer, the Paying Bank shall inform the Service Provider.

79.8 Additionally where the status of the Paying branch has changed (e.g. branch closure / merger) and the Direct Debit is addressed to the old details, the Bank shall provide advice of the new sort code and / or account number using the closed branch advice voucher, zero account number advice.

79.9 The advice must be dispatched to the Service Provider with the correct account details as supplied by the Paying Bank.

79.10 Amendments to the DDM may arise as a result of but not limited to:

79.10.1 The cancellation of the DDM.

79.10.2 The transfers of Payers account to another branch of the same Bank.

79.10.3 Written authority from the Payer to his branch of a change to details of his DDM e.g. change of account name or number, within the same bank.

79.10.4 Any one of the other reason codes shown in the table Schedule XI.

79.10.5 While not a permanent amendment to a DDM, the Payer may dispute the Advance Notice given which may result in a payment being suspended until the dispute has been resolved.



N.B.: A Service Provider must note that his Payer's DDM can be terminated without his knowledge e.g. the appointment of a liquidator. This shall involve statutory publicity thus providing constructive notice.

- 79.11 Paying Banks shall progress the Payer's instruction to amend / cancel a DDM. Failure to do so immediately (on day of receipt or within 3 working days) could result in liability for the Paying Bank.
- 79.12 The potential liability is immediate and shall relate to the period outstanding between the Bank receiving the Payer's instruction to amend / cancel the DDM and the Bank actioning that instruction.
- 79.13 Service Providers must action these advices immediately, or within 3 working days from receipt.
- 79.14 Cases shall arise when the Service Provider receives notice of a cancellation but is unable to act on it before the next payment date. In this case they may receive an Indemnity Claim.
- 79.15 Should there be a dispute over whether an advice was issued, the Paying Bank shall provide a copy of the record or proof that an advice had been sent to Collecting Bank.
- 79.16 A Service Provider must advise the Paying Bank by use of a covering note if it intends to use the same account number on a DDM, which replaces a recently cancelled DDM.
- 79.17 Notice of expiry shall be deemed to have been given if the Service Provider identifies the final payment under the expiring DDM.
- 79.18 Where there is a change to the status of the Service Provider which would lead to changes to (e.g.: account numbers) the Service Provider must obtain and lodge new DDM's with the Paying Banks, but should consult its Paying Bank in the first instance.
- 79.19 **PAYER GENERATED CANCELLATIONS**
- 79.19.1 The Payer may wish to advise the Service Provider direct at least 10 business days before payment date by written or electronic form of the cancellation of the DDM.
- 79.19.2 If notification has been accepted by the Service Provider, the Service Provider may subsequently be liable to an Indemnity Claim if the Payer disputes giving authority to amend / cancel a DDM.
- 79.19.3 The Service Provider must apply the changes and advise the Payer to notify the Paying Bank. This shall ensure that all parties involved are informed of the cancellation.
- 79.19.4 Request to a Paying Bank to stop payment of one Direct Debit in a series cannot normally be accepted from a Payer whose proper course of action is to cancel the DDM permanently. The only exception allowed is that a Payer may dispute Advance Notice given and request that the single payment advised be countermanded.
- 79.19.5 Service Providers must not transfer DDM's to another account number unless the Payer(s) has signed a new DDM.



PART IV : INDEMNITY

80 INDEMNITY CLAIMS

- 80.1 Paying Banks shall refund the Payer in the event of an error by the Service Provider. Paying Banks use the Indemnity Claim process to recover the refunded payment from the Service Provider.
- 80.2 The Service Provider must settle an Indemnity Claim within 14 working days from the date of receipt of the claim. The Service Provider has the right to make a Counter Claim under certain conditions as detailed later in the document under Clause 81.
- 80.3 **Valid Indemnity Claims**
- 80.3.1 The Paying Banks shall accept the request in writing of the Payer concerning an error made by a Service Provider due to their obligations under the Direct Debit Guarantee and will raise an Indemnity Claim.
- 80.3.2 The Service Provider must settle the claim within 14 working days. If the Service Provider disagrees as to the validity of the claim and the issue falls outside Counter Claim criteria, the Service Provider must pursue the matter direct with the Payer.
- 80.3.3 Direct Debit is the method of collecting payments and the Banks are not responsible for any underlying contract between the Service Provider and the Payer.
- 80.3.4 The Paying Bank shall action the Payer's instruction to amend / cancel a DDM. Failure to progress a cancellation immediately shall result in the Paying Bank being liable for any Direct Debits paid in error under the cancelled DDM unless the Payer has already notified the Service Provider.
- 80.3.5 Where the Service Provider has received an advice from the Payer's Bank amending / cancelling the DDM, this must be processed immediately. Where a Direct Debit payment quoting the old details is already in transit or if a debit is issued with the old details after the date of the cancellation advice, Service Providers should be aware that the debit may be the subject of an Indemnity Claim.
- 80.3.6 In the case of an unresolved dispute in respect of an amendment / cancellation advice issued by the Paying Bank to the Service Provider, the Paying Bank shall provide proof that the advice was issued.
- 80.4 A valid Indemnity Claim must meet one of the following criteria:
- 80.4.1 The amount and/or date of the Direct Debit differ from the Advance Notice issued to the Payer by the Service Provider.
- 80.4.2 No Advance Notice was received by the Payer or the amount quoted is disputed by the Payer.
- 80.4.3 DDM cancellation by the Paying Bank – where there is proof that an advice or paper cancellation advice has been sent by the Paying Bank to the Service Provider before the payment date.
- 80.4.4 Where the Payer has cancelled the DDM direct with the Service Provider notwithstanding the fact that the Payer may not have cancelled the DDM with the Bank.
- 80.4.5 No Mandate held. Payer disputes having given authority.
- 80.4.6 Signature on DDM is fraudulent or not in accordance with the account authorised signature(s) held by the Paying Bank. No Counter Claim may be raised in this case.
- 80.4.7 Service Provider name disputed – where the Paying Bank is unable to identify and consequently action a Payer's request to cancel a DDM as a result of the Service Provider using one of the set-up exceptions in respect of trading names or facilities management.



81 VALID COUNTER CLAIMS

81.1 The Service Provider should contact its Collecting Bank giving details of the settled Indemnity Claim including;

81.1.1 Amount;

81.1.2 date of claim;

81.1.3 Service Provider's account details

81.1.4 Reference number quoted on the Direct Debit record.

81.1.5 An Indemnity Claim raised at the Service Provider's request. The request shall not be accepted by the Paying Bank until after payment has been debited to the Payer's account. Some Paying Banks may ask the Service Providers to provide their request to them in writing. No Counter Claim may be raised in this case.

81.2 Where a Counter Claim has been raised, the Collecting Bank shall respond within one month, confirming acceptance or rejection of the claim. A Counter Claim must be raised by the Service Provider via its Collecting Bank after settlement of and within 14 working days of settlement of the Indemnity Claim providing:

81.2.1.1 Settlement of the original Indemnity Claim was made within the 14 working day 'Rule' period.

81.2.1.2 There are two instances where a Service Provider may raise a Counter Claim:

81.2.1.2.1 Where the paying Bank paid a Direct Debit (in respect of a first payment on a new DDM) and has subsequently raised an Indemnity Claim for the reason 'No Mandate Held';

81.2.1.2.2 Any claim that falls outside of the valid Indemnity Claim criteria as defined in Clause 80.3.

81.3 The Counter Claim is not the only route open to the Service Provider. The Service Provider retains its right to take action directly against the Payer. Direct Debit is the method of collecting payments and the Banks are not responsible for any underlying contract between the Service Provider and the Payer.

82 REFUNDING THE PAYER'S ACCOUNT

82.1 Under the terms of the Direct Debit Guarantee a Payer is entitled to an immediate refund if an error has been made either by the Service Provider or the Paying Bank. This includes any errors relating to:

82.1.1 the payment due date and frequency.

82.1.2 The amounts to be paid.

82.1.3 Payments made after an instruction given to cancel a DDM.

82.2 The Paying Bank must, therefore, refund the Payer immediately and only raise an Indemnity Claim where there has been a Service Provider error. Where there has been an error by the Paying Bank a refund request (Form DD6) may be raised.

82.3 If the Payer approaches the Service Provider direct regarding an error, the Service Provider must refer the Payer to the Paying Bank or contact the Paying Bank asking them to raise an Indemnity Claim.



83 SUBMISSION OF THE INDEMNITY CLAIM

83.1 All Indemnity Claims must be submitted by the Paying Bank using the Indemnity Claim Form (Form DD 10). The form shall be dispatched direct to the Service Provider as soon as possible.

83.2 The form must provide details to the Service Provider of the reason for the claim along with the settlement account details and the date of any amendment / cancellation advice sent to the Service Provider.

83.3 Only one reason must be given on an Indemnity Claim form.

83.4 An Indemnity Claim can only be raised for the full amount of the original Direct Debit payment.

83.5 Invalid Claims

83.5.1 Where a Service Provider receives an Indemnity Claim, which it believes does not conform to the valid Indemnity Claim criteria as detailed in Clause 80.3, it must nevertheless pay the claim, but then immediately raise a Counter Claim in accordance with Clause 81.

83.5.2 The Indemnity does not permit the rejection of any claim made by the Paying Bank.

83.5.3 Clauses 83.5.1 and 83.5.2 do not apply where the Service Provider suspects fraudulent activities.

84 SERVICE PROVIDER SETTLEMENT OF THE INDEMNITY CLAIM

84.1 Time Scales

84.1.1 An Indemnity Claim must be settled by a Service Provider to the Paying Bank without delay, and in any case within 14 working days from the date of the Claim.

84.1.2 Settlement should be sent via DDACC but must be directed to the account specified on the Bank Credit attached to the claim.

84.1.3 If 14 days after the settlement deadline the Service Provider fails to settle the Indemnity Claim, the Paying Bank may claim settlement of the outstanding funds from the Service Provider's Collecting Bank who shall settle the outstanding funds immediately. The Bank shall debit all amounts to the Service Provider's account.

84.1.4 The Collecting Bank shall be closely monitoring those Service Providers who fail to settle their Indemnity Claims within the specified period and may at their discretion instigate a dispute process which may result in the Service Provider being requested to cease collecting Direct Debits.

84.2 Refund Request

84.2.1 Where a Paying Bank has made a payment in error, a refund request may be sent to the Service Provider using the Refund Request Form (Form DD6).

84.2.2 The Paying Bank must refund the Payer.



PART V: MONITORING OF DDACC

85 MONITORING OF DDACC

- 85.1 The Service Provider's Bank should satisfy itself that the Service Provider adheres to the requirements of DDACC.
- 85.2 A Service Provider must pass its DDACC communications literature to its Collecting Bank for approval.
- 85.3 The approval shall extend to the technical specification of the Service Provider's DDACC submissions, new / amended DDM's and other literature.
- 85.4 The Service Provider must advise its Bank of any changes to its status, communications literature or DDACC submissions. However, the Bank shall monitor the DDACC operations to ensure the required standards are achieved and maintained by all Service Providers.
- 85.5 The Bank reserves the right to withdraw its DDACC services, limit the amount collected or refuse to accept a specific DDACC file.
- 85.6 Banks shall monitor operations within the DDACC to ensure that the required standard of documentation and procedure is achieved and maintained by all Service Providers.
- 85.7 Monitoring of DDACC is undertaken to protect Payers/Beneficiaries using DDACC. Failure to carry out these checks shall not affect the validity of any claim under the Direct Debit Indemnity.
- 85.8 The following shall be monitored:

85.8.1 THE DDACC RECORD

- 85.8.1.1 The Paying Banks shall from time to time check a sample of Direct Debits presented by Service Providers to ensure that operational standards set out in this document are met. The checks may also be applied to ensure the collected Direct Debits conform to the terms of the Mandate lodged by the Service Provider.

85.8.2 THE DIRECT DEBIT MANDATE AND COMMUNICATIONS LITERATURE

- 85.8.2.1 Paying Banks have the right to refuse completed DDM's which are not legible or do not comply with the DDM regulations detailed in this document.

- 85.8.2.2 The DDM may be returned to the Service Provider by the Paying Bank marked 'lodgement refused' and the Paying Bank may request the Service Provider's Collecting Bank to investigate those DDM's which do not comply with the required standard.

- 85.8.2.3 Additionally, where the Collecting Bank receives notification of the use of non-standard communications literature (i.e. the Advance Notice and Direct Debit Guarantee issued to the Payer) the Collecting Bank shall be required to liaise with its Service Provider and request it to change to the required standard.

85.8.3 SETTLEMENT OF INDEMNITY CLAIMS

- 85.8.3.1 A claim may be raised by the Paying Bank when the Payer disputes the validity of a debit applied against the payer's account as a result of an error by the Service Provider. In all instances the Service Provider shall be required to settle the Indemnity Claim within 14 working days of the date of the claim.

- 85.8.3.2 The Collecting Bank shall be closely monitoring those Service Providers which fail to settle Indemnity Claims within the specified period and may at their discretion instigate a dispute



process which may result in the Service Provider being requested to cease collecting Direct Debits.

86 COLLECTING BANKS' ROLE

- 86.1 The Collecting Bank is required to take proper steps to satisfy itself, and to confirm to ZECH or other Service Providers when called upon, that the Service Provider is adhering to the requirements of DDACC.
- 86.2 Where the Collecting Bank has been advised of an instance where its Service Provider is operating outside of the required standards, the Bank must liaise with its Service Provider to clarify the requirements, set an appropriate time frame for the Service Provider to apply changes and monitor progress.
- 86.3 Where a Service Provider's documentation / procedures impacts upon the integrity of DDACC the Collecting Bank must progress the issue.

87 SERVICE PROVIDER'S RESPONSIBILITIES

- 87.1 It is the Service Provider's responsibility to advise the Collecting Bank of:
 - 87.1.1 Any changes to its status. When this involves the Service Provider's business being carried on by a different legal entity (for instance by a company in place of a partnership) the new entity must itself become a DDACC Service Provider and take new DDM's before Direct Debiting may continue.
 - 87.1.2 Any change to DDM and any other communications literature in respect of its Direct Debit operations.
 - 87.1.3 Where the Collecting Bank has highlighted an instance where the Service Provider is not conforming to the requirements of DDACC the Service Provider must ensure it applies any changes requested by its Collecting Bank within an agreed time frame and provides evidence to support that the changes have been made.
 - 87.1.4 If Bank monitoring reveals an unacceptable level of error or substantial deviations from the DDACC Rules, the Service Provider shall be advised accordingly. If no subsequent improvement is made, the Service Provider shall be required to withdraw from DDACC.

88 EXIT FROM DDACC

- 88.1 There are three circumstances in which a Service Provider is required to withdraw from DDACC. These are;
 - 88.1.1 Voluntary termination;
 - 88.1.2 Compulsory termination; and
 - 88.1.3 Contractual capacity of the Service Provider (terminated by legal process, for example, by bankruptcy or liquidation on merger or acquisition of or by another company).
- 88.2 The Service Providers' Bank shall withdraw the Service Provider from DDACC and advise all the Banks of the termination in writing. Even though the Service Provider has ceased to collect Direct Debits, it shall still be liable for any Indemnity Claims, which may be raised by the Paying Bank for Direct Debits applied to the Payer's account during the period of the Service Provider's participation in the Direct Debit. In all cases this liability is not restricted in respect of time or amount.



88.3 Voluntary Termination

88.3.1 A Service Provider must plan the withdrawal very carefully in close consultation with its Collecting Bank. This shall normally entail the following actions:

88.3.1.1 The cancellation of existing DDM's.

88.3.1.2 The progressive replacement of the Direct Debit by some other payment.

88.3.1.3 The Service Provider is required to give to its Bank one month's written notice from the processing date of the last DDACC input file, of its intention to cease operating within DDACC.

88.3.1.4 The Service Provider withdrawing voluntarily from the DDACC may consider it prudent to establish a contingency reserve for the purpose of meeting any claims which may be received in respect of any Indemnity liability, which may arise subsequent to withdrawal of the Service Provider from DDACC in respect of Direct Debits originated prior to this event.

88.4 Compulsory termination

88.4.1 In the event of a Service Provider causing significant problems for the industry as a whole, leading to Paying Bank complaints to BAZ, it shall be given a written warning through its Collecting Bank with a time period for achieving conformity. Should the problem not be rectified within the agreed period, a further written warning may be given and where appropriate a further time period agreed. In setting the time period, BAZ shall take into consideration the extent of the activity required to achieve conformity. As a last resort, BAZ shall have the right to terminate a Service Provider from DDACC.

88.4.2 A Service Provider shall be required to withdraw if BAZ believe that:

88.4.2.1 DDACC operations are being carried out in a manner which constitutes an abuse of DDACC without due regard to the interest of Payers and Beneficiaries.

88.4.2.2 Where there is evidence that standards and procedures detailed in this document are being deliberately violated.

88.4.2.3 In extreme cases, the Bank shall terminate a Service Providers' application at short notice, notwithstanding the disruption which may occur. Every effort shall be made to give sufficient notice (minimum 3 months) to enable a Service Provider to make alternative arrangements. However, the giving of notice in this context is not an obligation assumed by the Bank and they cannot accept under any circumstances liability for any loss which a Service Provider may suffer as a result of termination from the DDACC.

88.5 Contractual capacity of the Service Provider is terminated by legal process.

88.5.1 A Service Provider shall be withdrawn from DDACC if its contractual capacity is terminated by legal process, for example, by bankruptcy or liquidation. In particular, a Service Provider shall immediately cease to be entitled to participate in DDACC if any one or more of the following events ('the relevant insolvency event') occurs;

88.5.1.1 When a Service Provider, being an individual, or where the Service Provider is a partnership, any partner in that firm, becomes bankrupt or makes any composition, conveyance or assignment or arrangement with or for the benefit of his creditors, or purports to do so.

88.5.1.2 When the Service Provider, being a company, passes a resolution or the court makes an order for the winding up of the Service Provider (otherwise than for bona fide reconstruction or merger) or a receiver, administrative receiver, administrator, trustee or similar officer is appointed in respect of all or any part of its undertaking or enters into a composition or voluntary arrangement with or for the benefit of its creditors.

88.5.1.3 An event which is under the law of a country outside Zambia, equivalent to any of the events listed above.



88.5.2 The Service Provider must not raise any DDM's or Direct Debits after the commencement of a relevant insolvency event.

88.5.3 Where an administrative receiver is appointed for all or part of the undertaking of a Service Provider, it may be possible in some circumstances, and at the discretion of a Service Providers Bank, to permit that Service Provider to continue participating in DDACC. If the Bank decides to permit such Service Provider to continue, then the Bank shall be liable for any loss or damage suffered by a Payer, Beneficiary, Paying Bank or other Banks for DDACC transactions arising directly or indirectly from any DDACC transactions raised by that Service Provider.

89 **DIRECT DEBITS AGREEMENT**

89.1 Please refer to Appendix VII.



APPENDIX I – CHEQUE IMAGE CLEARING (CIC) SPECIFICATIONS

1 File Naming Standards for CIC

All Files to be processed in the clearing House will be named in a specified Format.

The proposed file-naming format is as follows:

RCRB-YYYYMMDDSSNN-TTT-PCPB

where:-

- RC = Receiving Clearing Centre Code
- RB = Receiving Bank Acronym (5 Characters long)
- DD = Day of the month
- MM = Month of the year
- YYYY = Year of Processing
- SS = Session Number
- NN = Two digit sequence number*
- TTT = File type*
- PC = Presenting Clearing Centre Code.
- PB = Presenting Bank Name (5 Characters long)

NN – Two Digit Sequence Number

* 00 to 99 thus the maximum number of files submitted per a file type per a clearing session is 100.

TTT - File Type

- * EJL (Electronic Journal Local) = EJ File (Presentment and Unpaid)
- * DFL (Discrepancy File Local) = Discrepancy File
- * EJL (Electronic Journal Reversal) = Electronic Journal Reversal

2 Image Specifications

Each image is to be accompanied with a digital signature.

2.1 Front Images:

- One Image in Black and White. (TIFF G4)
- One Image in Gray scale. (JPEG Image)

2.2 Back Image

- One image in Gray scale. (JPEG Image)

2.3 Image Quality

JPEG Image for Grey scale.

- Resolution = 100 dpi
- JPEG Quality = 80

TIFF G4 Image for Black and White.

- Resolution = 200 dpi

2.4 Image Size

- Each image should be approximately +/- 100 Kilobytes per a cheque.



3 Electronic Journal File

The Electronic Journal contains details of the Magnetic Ink Character Recognition (MICR) code line of all cheques to be exchanged on a Clearing day. Each journal record for a cheque shall be accompanied by two front images and one back image of the cheque as captured by the collecting bank in the format specified according to standards. Each image shall, in turn be accompanied by an electronic signature for verification.

Each Clearing Centre shall provide an Electronic Journal, to be transmitted to the Automated Clearing House or sent by Electronic media, for each of the Clearing Centre's.

3.1 File Structure

A maximum of 2000 records per a file (Including Headers, Trailers and Control vouchers)

An EJ file a binary/fixed width file which will be structured as follows;

- a. **File Header**
 - i. Control Voucher
 - 1. Cheque Presentments
 - ii. Control Voucher
 - 1. Unpaid Cheques
- b. **File Trailer**

NOTE: Every record shall be 300 bytes in length except the trailer record which will contain a 48 character SHA384 HASH after the 300th character. Control Vouchers are only required if those types of transactions are present.



3.2 EJ Record Formats

HEADER RECORD

Field	Field Name	Start Column	Field length	Format	Contents
1.	Header Record	1	2	9(2)	Two digit, value = 00
2.	File Type	3	2	9(2)	See File Type Code
3.	Processing Date	5	8	9(8)	YYYYMMDD The business date for which the items were processed. See Note 1.
4.	Presenting Clearing Center Sort Code	13	6	9(6)	The Bank Sort Code of the Originating Bank
5.	Receiving Clearing Center Sort Code	19	6	9(6)	The Bank Sort Code of the Receiving Bank
6.	File Serial Number	25	18	9(18)	A unique number for a data file within a Clearing Centre for one month to contain the bank code, processing date (YYYYMMDD) and actual file number. See Note 2.
7.	Filler	43	258	9(258)	Padded with zero up to the last character to fulfill 300 bytes

Note 1	The Processing date is the same as that in the filename which should be the clearing business date.
Note 2	All Data Files shall have a unique serial number regardless of type, within a Bank's Clearing Centre for one month.

CONTROL VOUCHER RECORD

Field	Field Name	Start Column	Field length	Format	Contents
1.	Voucher Control Record	1	2	9(2)	Two digit, value = 88
2.	Control Voucher Type	3	2	9(2)	See Control Voucher Type.
3.	Currency Code	5	2	9(2)	Code representing the major currencies used in the region
4.	Filler	7	294	9(294)	Padded with zero up to the last character to fulfill 300 bytes

EJ NORMAL PRESENTMENTS

Field	Field Name	Start Column	Field length	Format	Contents
1.	Presentment Type	1	3	9(3)	The code indicating the type of presentment to be processed. 300 or 301.
2.	Presenting Bank Sort Code	4	6	9(6)	The BankID, Area Code and BranchID of a Bank presenting the transaction. This field will differ from the header sort code when a bank clears on behalf of another bank. The presenting bank sort code in the header is the parent and the presenting bank sort code within the transaction records is the child. Example If Bank A clears on behalf of Bank B, then Bank A sort code will appear in the header and Banks B sort code will appear in the EJ presentment records.
3.	Voucher Transaction Code	10	2	9(2)	See voucher transaction codes.
4.	Currency Code	12	2	9(2)	Code representing the major currencies used in the region
5.	Value	14	15	9(15)	Amount on Cheque. (Left Zero Padded)



6.	Amount Entry Method	29	1	9(1)	0 = Operator from Voucher in branch, 1 = Operator from Voucher at Clearing Centre, 2 = Operator from Image, 3 = Courtesy Amount Recognition.
7.	Check Digit	30	2	9(2)	The security digit generated by special algorithm and appended to the codeline. For old Standards cheque the value will be 00.
8.	Account Number	32	13	9(13)	Customer account number
9.	Bank Sort Code	45	6	9(6)	The BankID, Area Code and BranchID of a Bank
10.	Cheque Serial Number	51	6	9(6)	Unique cheque number
11.	Collection Account Detail	57	50	X(50)	Alpha numeric field that accepts spaces. Right space padded.
12.	Bank Reference Number	107	18	X(18)	Unique reference number generated by the Core Banking System. Alphanumeric field with spaces accepted.
13.	Front Image 1 Size	125	4	1 word	The Size in Bytes of the First Image (4 byte little endian).
14.	Front Image 1 Signature	129	48	H(48)	Digital signature of the First Front Image (B/W TIFF)
15.	Front Image 2 Size	177	4	1 word	The Size in Bytes of the second Front Image (4 byte little endian).
16.	Front Image 2 Signature	181	48	H(48)	Digital signature of the Second Front Image (Gray Scale JPEG)
17.	Rear Image Size	229	4	1 word	The Size in bytes of the Rear Image (4 byte little endian)
18.	Rear Image Signature	233	48	H(48)	Digital signature of the Rear Image (Grey Scale JPEG Format)
19.	Old/New Standards Cheque	281	1	9(1)	One Digit Value, 0 = Old Standards Cheque, 1 = New Standards Cheque
20.	Filler	282	19	9(19)	Padded with zero up to the last character to fulfill 300 bytes
21.	Front Image 1	301	Var	Blob	The Front Image in Black and White TIFF G4 Format – 200 DPI
22.	Front Image 2	Var	Var	Blob	The Front Image in Grey Scale JPEG Format – 100 DPI, JPEG Quality = 80
23.	Rear Image	Var	Var	Blob	The Rear Image in Grey Scale JPEG Format – 100 DPI, JPEG Quality = 80

Note 1	The content of the Collection Account Detail is determined by the Collecting Centre. Options available include the use of the beneficiaries name or details of the associated deposit. In the first case it could be used to assist the paying bank to make an independent check that the cheque is being credited to the correct account. In the second case the collecting centre may use this information to assist in the reversal of returned items. If the field is not used it shall be zero filled.
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EJ UNPAIDS

Please note fields 2 to 23 should be an exact match to the original presentment.

Field	Field Name	Start Column	Field length	Format	Contents
1.	Reason for Return code	1	3	9(3)	The code indicting the reason why the presentment was unpaid.
2.	Presenting Bank Sort Code	4	6	9(6)	The BankID, Area Code and BranchID of a Bank presenting the transaction. This field will differ from the header sort code when a bank clears on behalf of another bank. The presenting bank sort code in the header is the parent and the presenting bank sort code



					within the transaction records is the child. Example If Bank A clears on behalf of Bank B, then Bank A sort code will appear in the header and Banks B sort code will appear in the EJ presentment records.
3.	Voucher Transaction Code	10	2	9(2)	See voucher transaction codes.
4.	Currency Code	12	2	9(2)	Code representing the major currencies used in the region
5.	Value	14	15	9(15)	Amount on Cheque. (Left Zero Padded)
6.	Amount Entry Method	29	1	9(1)	0= Operator from Voucher in branch, 1 = Operator from Voucher at Clearing Centre, 2 = Operator from Image, 3 = Courtesy Amount Recognition.
7.	Check Digit	30	2	9(2)	The security digit generated by special algorithm and appended to the codeline. For old Standards cheque the value will be 00.
8.	Account Number	32	13	9(13)	Customer account number
9.	Bank Sort Code	45	6	9(6)	The BankID, Area Code and BranchID of a Bank
10.	Cheque Serial Number	51	6	9(6)	Unique cheque number
11.	Collection Account Detail	57	50	X(50)	Alpha numeric field that accepts spaces. Right space padded.
12.	Bank Reference Number	107	18	X(18)	Unique reference number generated by the Core Banking System. Alphanumeric field with spaces accepted.
13.	Front Image 1 Size	125	4	1 word	The Size in Bytes of the First Image (4 byte little endian).
14.	Front Image 1 Signature	129	48	H(48)	Digital signature of the First Front Image (B/W TIFF)
15.	Front Image 2 Size	177	4	1 word	The Size in Bytes of the second Front Image (4 byte little endian).
16.	Front Image 2 Signature	181	48	H(48)	Digital signature of the Second Front Image (Gray Scale JPEG)
17.	Rear Image Size	229	4	1 word	The Size in bytes of the Rear Image (4 byte little endian)
18.	Rear Image Signature	233	48	H(48)	Digital signature of the Rear Image (Grey Scale JPEG Format)
19.	Old/New Standards Cheque	281	1	9(1)	One Digit Value, 0 = Old Standards Cheque, 1 = New Standards Cheque
20.	Filler	282	19	9(19)	Padded with zero up to the last character to fulfill 300 bytes
21.	Front Image 1	301	Var	Blob	The Front Image in Black and White TIFF G4 Format -200 DPI
22.	Front Image 2	Var	Var	Blob	The Front Image in Grey Scale JPEG Format -100 DPI, JPEG Quality = 80
23.	Rear Image	Var	Var	Blob	The Rear Image in Grey Scale JPEG Format -100 DPI, JPEG Quality = 80

EJ TRAILER RECORD

Field	Field Name	Start Column	Field length	Format	Contents
1.	Trailer	1	2	9(2)	Two digit, value = 99
2.	Total value-EJ Presentment	3	20	9(20)	Total Value of EJ Presentments
3.	Item Count-EJ Presentments	23	6	9(6)	Total Item count of EJ Presentments



4.	Total value-EJ Unpaid	29	20	9(20)	Total Value of EJ Unpaid
5.	Item Count-EJ Unpaid	49	6	9(6)	Total Item count of EJ Unpaid
6.	Total record count in the file.	55	6	9(6)	Count of all records in the file (including Header, Trailer, Control Vouchers and Items.
7.	Filler	61	240	9(240)	Padded with zero up to the last character to fulfill 300 bytes.
8.	SHA384 Hash	301	48	H(48)	See Note 1.

Note 1	This value is generated by participating bank at point of generation of the file. This will prevent the file contents from being changed
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3.3 Discrepancy File

The Discrepancy File details the results of a Clearing Centre reconciling the Electronic Journal records received from a Clearing Centre with the details contained in the images associated with each record in the Electronic Journal.

The Discrepancy File identifies differences between the amounts provided in the Electronic journal record and the amount as shown on the image of the same record.

The Discrepancy File identifies the EJ presentment whose amount was captured incorrectly by the collecting bank and the EJ presentment whose amount was captured and accepted by the issuing bank.

A file is produced by each Clearing Centre for each of the other Clearing Centre's.

1.1.1 File Structure

1. Discrepancy File will be created per a bank.
2. A maximum of 2000 records per a file (Including Headers, and Trailers)

An EJ file will be structured as follows;

- a. **File Header 00**
 - i. Wrongly Captured Cheque presentment by collecting bank – 002
 - ii. Corrected Cheque presentment amended and accepted by issuing bank - 003
- b. **File Trailer 99**

A discrepancy file should only be created in a scenario in which the amount captured by the collecting bank differs from the amount on the cheque image and the Issuing bank chooses to correct the error and to debit their customer. In this scenario the Issuing bank will create a discrepancy file containing two records. The first record will have a Reason for Return code of "002 Discrepancy - Amount Wrongly Captured" and is the incorrect record as captured by the Collecting Bank. The Second record will have a Reason for Return code of "003 Free – Discrepancy – Amount Correctly Captured" and is the correct record as captured by the issuing Bank

NOTE: Every record shall be 300 bytes in length except the trailer record which will contain a 48 character SHA384 HASH after the 300th character. Control Vouchers are only required if those types of transactions are present.

1.1.2 Discrepancy File Record Formats

HEADER RECORD

Field	Field Name	Start Column	Field length	Format	Contents
1.	Header Record	1	2	9(2)	Two digit, value = 00
2.	File Type	3	2	9(2)	File Type Code 33 –Discrepancy File
3.	Processing Date	5	8	9(8)	YYYYMMDD The business date for which the items were processed.
4.	Presenting Clearing Center Sort Code	13	6	9(6)	The Bank Sort Code of the presenting clearing center
5.	Receiving Clearing Center Sort Code	19	6	9(6)	The Bank Sort Code of the receiving clearing center
6.	File Serial Number	25	18	9(18)	A unique number for a data file within a Clearing Centre for one month to contain the bank code, processing date (YYYYMMDD)



					and actual file number.
7.	Filler	43	258	9(258)	Padded with zero up to the last character to fulfill 300 bytes.

Note 1	The Processing date is the same as that in the filename which should be the clearing business date.
Note 2	All Data Files shall have a unique serial number regardless of type, within a Bank's Clearing Centre for one month.

DISCREPANCY FILE RECORD

Field	Field Name	Start Column	Field length	Format	Contents
1.	Reason for Return code	1	3	9(3)	002 = Discrepancy - Amount wrongly captured or 003 = Discrepancy - Amount correctly Captured
2.	Presenting Bank Sort Code	4	6	9(6)	The BankID, Area Code and BranchID of a Bank presenting the transaction. This field will differ from the header sort code when a bank clears on behalf of another bank. The presenting bank sort code in the header is the parent and the presenting bank sort code within the transaction records is the child. Example If Bank A clears on behalf of Bank B, then Bank A sort code will appear in the header and Banks B sort code will appear in the EJ presentment records.
3.	Voucher Transaction Code	10	2	9(2)	See voucher transaction codes.
4.	Currency Code	12	2	9(2)	Code representing the major currencies used in the region
5.	Value	14	15	9(15)	Amount on Cheque. (Left Zero Padded)
6.	Amount Entry Method	29	1	9(1)	0= Operator from Voucher in branch, 1 = Operator from Voucher at Clearing Centre, 2 = Operator from Image, 3 = Courtesy Amount Recognition.
7.	Check Digit	30	2	9(2)	The security digit generated by special algorithm and appended to the codeline. For old Standards cheque the value will be 00.
8.	Account Number	32	13	9(13)	Customer account number
9.	Bank Sort Code	45	6	9(6)	The BankID, Area Code and BranchID of a Bank
10.	Cheque Serial Number	51	6	9(6)	Unique cheque number
11.	Collection Account Detail	57	50	X(50)	Alpha numeric field that accepts spaces. Right space padded.
12.	Bank Reference Number	107	18	X(18)	Unique reference number generated by the Core Banking System. Alphanumeric field with spaces accepted.
13.	Front Image 1 Size	125	4	1 word	The Size in Bytes of the First Image (4 byte little endian).
14.	Front Image 1 Signature	129	48	H(48)	Digital signature of the First Front Image (B/W TIFF)
15.	Front Image 2 Size	177	4	1 word	The Size in Bytes of the second Front Image (4 byte little endian.)
16.	Front Image 2 Signature	181	48	H(48)	Digital signature of the Second Front Image (Gray Scale JPEG)



17.	Rear Image Size	229	4	1 word	The Size in bytes of the Rear Image (4 byte little endian)
18.	Rear Image Signature	233	48	H(48)	Digital signature of the Rear Image (Grey Scale JPEG Format)
19.	Old/New Standards Cheque	281	1	9(1)	One Digit Value, 0 = Old Standards Cheque, 1 = New Standards Cheque
20.	Filler	282	19	9(19)	Padded with zero up to the last character to fulfill 300 bytes.
21.	Front Image 1	301	Var	Blob	The Front Image in Black and White TIFF G4 Format – 200 DPI
22.	Front Image 2	Var	Var	Blob	The Front Image in Grey Scale JPEG Format –100 DPI, JPEG Quality = 80
23.	Rear Image	Var	Var	Blob	The Rear Image in Grey Scale JPEG Format –100 DPI, JPEG Quality = 80

EJ TRAILER RECORD

Field	Field Name	Start Column	Field length	Format	Contents
1.	<i>Trailer</i>	1	2	9(2)	Two digit, value = 99
2.	<i>Total record count in the file.</i>	3	6	9(6)	Count of all records in the file (including Header, Trailer, Control Vouchers and Items.
3.	<i>Total Value – 002 Discrepancy records.</i>	9	20	9(20)	Total amount for 002 Discrepancy records.
4.	<i>Total Value – 003 Discrepancy records.</i>	29	20	9(20)	Total amount for 003 Discrepancy records.
5.	<i>Filler</i>	49	252	9(252)	Padded with zero up to the last character to fulfill 300 bytes.
6.	<i>SHA384 Hash</i>	301	48	H(48)	See Note 1

Note 1	This value is generated by participating bank at point of generation of the file. This will prevent the file contents from being changed
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3.4 Electronic Journal Reversal File

The Electronic Journal Reversal File contains details of the Magnetic Ink Character Recognition (MICR) code line of all cheques to be reversed on a clearing day. The purpose of the Electronic Journal Reversal File is to reverse a previous EJ file that been sent in error in a **prior** session. An EJ reversal files will be rejected if it is sent more than 3 days after the original EJ file had been processed. An EJ file and its corresponding EJ reversal file cannot participate in the same clearing session.

The EJ reversal file journals shall be an exact replica of the Electronic Journal Files journals except the EJ reversal file shall not contain an image. The EJ reversal file shall also contain the original EJ files serial number in the header of the file.

3.4.1 File Structure

A maximum of 2000 records per a file (Including Headers, Trailers and Control vouchers)

An EJ file will be structured as follows;

- a. **File Header**
 - iii. Control Voucher
 - 1. Reversal Cheque Presentments
 - iv. Control Voucher
 - 1. Reversal Unpaid Cheques
- b. **File Trailer**

NOTE: Every record shall be 300 bytes in length except the trailer record which will contain a 48 character SHA384 HASH after the 300th character. Control Vouchers are only required if those types of transactions are present.

3.4.2 EJ Reversal File Record Formats

HEADER RECORD

Field	Field Name	Start Column	Field length	Format	Contents
1.	Header Record	1	2	9(2)	Two digit, value = 00
2.	File Type	3	2	9(2)	See File Type Code
3.	Processing Date	5	8	9(8)	YYYYMMDD The business date for which the items were processed. See Note 1.
4.	Presenting Clearing Center Sort Code	13	6	9(6)	The Bank Sort Code of the Originating Bank
5.	Receiving Clearing Center Sort Code	19	6	9(6)	The Bank Sort Code of the Receiving Bank
6.	File Serial Number	25	18	9(18)	A unique number for a data file within a Clearing Centre for one month to contain the bank code, processing date (YYYYMMDD) and actual file number. See Note 2.
7.	Original EJ File Serial Number	43	18	9(18)	File serial number of the original EJ file
8.	Original EJ File Filename	61	29	X(29)	Filename of the original EJ file
9.	Filler	90	211	9(211)	Padded with zero up to the last character to fulfill 300 bytes.

Note 1	The Processing date is the same as that in the filename which should be the clearing business date.
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Note 2	All Data Files shall have a unique serial number regardless of type, within a Bank's Clearing Centre for one month.
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CONTROL VOUCHER RECORD

Field	Field Name	Start Column	Field length	Format	Contents
1.	Voucher Control Record	1	2	9(2)	Two digit, value = 88
2.	Control Voucher Type	3	2	9(2)	See Control Voucher Type.
3.	Currency Code	5	2	9(2)	Code representing the major currencies used in the region
4.	Filler	7	294	9(294)	Padded with zero up to the last character to fulfill 300 bytes.

EJ REVERSAL PRESENTMENTS

Please note fields 1 to 13 should be identical to the original presentment.

Field	Field Name	Start Column	Field length	Format	Contents
1.	Presentment Type	1	3	9(3)	The code indicting the type of presentment to be processed. 300 or 301.
2.	Presenting Bank Sort Code	4	6	9(6)	The BankID, Area Code and BranchID of a Bank presenting the transaction. This field will differ from the header sort code when a bank clears on behalf of another bank. The presenting bank sort code in the header is the parent and the presenting bank sort code within the transaction records is the child. Example If Bank A clears on behalf of Bank B, then Bank A sort code will appear in the header and Banks B sort code will appear in the EJ presentment records.
3.	Voucher Transaction Code	10	2	9(2)	See voucher transaction codes.
4.	Currency Code	12	2	9(2)	Code representing the major currencies used in the region
5.	Value	14	15	9(15)	Amount on Cheque. (Left Zero Padded)
6.	Amount Entry Method	29	1	9(1)	0= Operator from Voucher in branch, 1 = Operator from Voucher at Clearing Centre, 2 = Operator from Image, 3 = Courtesy Amount Recognition.
7.	Check Digit	30	2	9(2)	The security digit generated by special algorithm and appended to the codeline. For old Standards cheque the value will be 00.
8.	Account Number	32	13	9(13)	Customer account number
9.	Bank Sort Code	45	6	9(6)	The BankID, Area Code and BranchID of a Bank
10.	Cheque Serial Number	51	6	9(6)	Unique cheque number
11.	Collection Account Detail	57	50	X(50)	Alpha numeric field that accepts spaces. Right space padded.
12.	Bank Number Reference	107	18	X(18)	Unique reference number generated by the Core Banking System. Alphanumeric field with spaces accepted.
13.	Old/New Standards Cheque	125	1	9(1)	One Digit Value, 0 = Old Standards Cheque, 1 = New Standards Cheque
14.	Filler	126	175	9(175)	Padded with zero up to the last character to fulfill 300 bytes.



Note 1	The content of the Collection Account Detail is determined by the Collecting Centre. Options available include the use of the beneficiaries name or details of the associated deposit. In the first case it could be used to assist the paying bank to make an independent check that the cheque is being credited to the correct account. In the second case the collecting centre may use this information to assist in the reversal of returned items. If the field is not used it shall be zero filled..
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EJ REVERSAL UNPAIDS

Please note fields 1 to 13 should be identical to the original presentment.

Field	Field Name	Start Column	Field length	Format	Contents
1.	Reason for Return code	1	3	9(3)	The code indicting the reason why the presentment was unpaid.
2.	Presenting Bank Sort Code	4	6	9(6)	The BankID, Area Code and BranchID of a Bank presenting the transaction. This field will differ from the header sort code when a bank clears on behalf of another bank. The presenting bank sort code in the header is the parent and the presenting bank sort code within the transaction records is the child. Example If Bank A clears on behalf of Bank B, then Bank A sort code will appear in the header and Banks B sort code will appear in the EJ presentment records.
3.	Voucher Transaction Code	10	2	9(2)	See voucher transaction codes.
4.	Currency Code	12	2	9(2)	Code representing the major currencies used in the region
5.	Value	14	15	9(15)	Amount on Cheque. (Left Zero Padded)
6.	Amount Entry Method	29	1	9(1)	0= Operator from Voucher in branch, 1 = Operator from Voucher at Clearing Centre, 2 = Operator from Image, 3 = Courtesy Amount Recognition.
7.	Check Digit	30	2	9(2)	The security digit generated by special algorithm and appended to the codeline. For old Standards cheque the value will be 00.
8.	Account Number	32	13	9(13)	Customer account number
9.	Bank Sort Code	45	6	9(6)	The BankID, Area Code and BranchID of a Bank
10.	Cheque Serial Number	51	6	9(6)	Unique cheque number
11.	Collection Account Detail	57	50	X(50)	Alpha numeric field that accepts spaces. Right space padded.
12.	Bank Reference Number	107	18	X(18)	Unique reference number generated by the Core Banking System. Alphanumeric field with spaces accepted.
13.	Old/New Standards Cheque	125	1	9(1)	One Digit Value, 0 = Old Standards Cheque, 1 = New Standards Cheque
14.	Filler	126	175	9(175)	Padded with zero up to the last character to fulfill 300 bytes.

EJ TRAILER RECORD

Field	Field Name	Start Column	Field length	Format	Contents
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1.	<i>Trailer</i>	1	2	9(2)	Two digit, value = 99
2.	<i>Total value - EJ Reversal Presentments</i>	3	20	9(20)	Total Value of EJ Presentments
3.	<i>Item Count – EJ Reversal Presentments</i>	23	6	9(6)	Total Item count of EJ Presentments
4.	<i>Total value – EJ Reversal Unpays</i>	29	20	9(20)	Total Value of EJ Unpays
5.	<i>Item Count – EJ Reversal Unpays</i>	49	6	9(6)	Total Item count of EJ Unpays
6.	<i>Total Record Count in the File</i>	55	6	9(6)	Count of all records in the file (including Header, Trailer, Control Vouchers and Items.
7.	<i>Filler</i>	61	240	9(240)	Padded with zero up to the last character to fulfill 300 bytes.
8.	<i>SHA384 Hash</i>	301	48	H(48)	See Note 1.

Note 1	This value is generated by participating bank at point of generation of the file. This will prevent the file contents from being changed
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1.9 CIC Reports Dispatched by the ZECH

- Inter-bank Returned Items Report
- Inter-bank Clearing Statement (Inward and Outward)
- Statistical reports
- Post settlement clearing report



APPENDIX II – ELECTRONIC FILE TRANSFERS (EFT) SPECIFICATIONS

EFT files have a maximum of 100 000 records.

1.1 File Naming Standards for EFT

All Files to be processed in the clearing House will be named in a specified Format. The proposed file-naming format is as follows:

RCRB-YYYYMMDDSSNN-TTT-PCPB

where:-

RC	= Receiving Clearing Centre Code
RB	= Receiving Bank Acronym (5 Characters long)
DD	= Day of the month
MM	= Month of the year
YYYY	= Year of Processing
SS	= Session Number
NN	= Two digit sequence number*
TTT	= File type*
PC	= Presenting Clearing Centre Code.
PB	= Presenting Bank Name (5 Characters long)

NN – Two Digit Sequence Number

* 00 to 99 thus the maximum number of files submitted per a file type per a clearing session is 100.

TTT - File Type

- * DCL (Direct Credit Local) = EFT File containing Direct Credits & Unapplieds
- * DDL (Direct Debit Local) = EFT File containing Direct Debits & Unpaid
- * RCL (Reversal Credit Local) = EFT File containing reversals for Direct Credits & Unapplieds
- * RDL (Reversal Debit Local) = EFT File containing reversals for Direct Credits & Unpaid

1.2 EFT File

1.2.1 File Structure

An EFT file will be structured as follows;

a. File Header

i. Control Voucher

1. Direct Debit Transactions or Direct Credit Transactions

ii. Control Voucher

1. Unpaid or Unapplied Transactions

b. File Trailer

NOTE: Every record shall be 300 bytes in length except the trailer record which will contain a 48 character SHA384 HASH after the 300th character.



1.2.2 Record Formats

HEADER RECORD

Field	Field Name	Start Column	Field length	Format	Contents
1.	Header Record	1	2	9(2)	Two digit, value = 00
2.	File Type	3	2	9(2)	See File Type Codes
3.	Processing Date	5	8	9(8)	YYYY MM DD The business date for which the items were processed.
4.	Presenting Clearing Center Sort Code	13	6	9(6)	The Bank Sort Code of the Originating Bank
5.	Receiving Clearing Center Sort Code	19	6	9(6)	The Bank Sort Code of the Receiving Bank
6.	File Serial Number	25	18	9(18)	A unique number for a data file within a Clearing Centre for one month to contain the bank code, processing date (YYYY MM DD) and actual file number.
7.	Filler	43	258	9(258)	Padded with zero up to the last character to fulfill 300 bytes.

CONTROL VOUCHER

Field	Field Name	Start Column	Field length	Format	Contents
1.	Voucher Control Record	1	2	9(2)	Two digit, value = 88
2.	Control Voucher Type	3	2	9(2)	See Control Voucher Type.
3.	Currency Code	5	2	9(2)	Code representing the major currencies used in the region
4.	Filler	7	294	9(294)	Padded with zero up to the last character to fulfill 300 bytes.

DIRECT DEBIT TRANSACTION

Field	Field Name	Start Column	Field length	Format	Contents
1.	Filler	1	3	9(3)	Zero filled 000
2.	Transaction Type	4	3	9(3)	The 3 digit EFT Transaction Type
3.	Destination Account Number	7	13	9(13)	The 13- digit number of the account at the branch to be debited
4.	Destination Bank Sort Code (Receiving Clearing Center)	20	6	9(6)	The six-digit sort code of the destination bank
5.	Currency Code	26	2	9(2)	Code representing the major currencies used in the region
6.	Total Value	28	15	9(15)	The total amount for the items to be processed. Up to 15 digits. (Left Zero Padded)
7.	Originating Account Number	43	13	9(13)	The 13-digit number of the account at the branch to be credited
8.	Originating Bank Sort Code (Presenting Clearing Center)	56	6	9(6)	The six-digit sort code of the originating bank
9.	Beneficiary Name	62	50	X(50)	The name of the account to be credited. Alpha numeric and accepts spaces. Right Space padded.
10.	Value Date	112	8	9(8)	YYYYMMDD The value date for the transaction.



11.	Participant ID	120	10	9(10)	The 10-digit number of the SP to be Debited
12.	SP Customer's Account Number	130	20	X(20)	The account number held at the SP. Alphanumeric and accepts spaces.
13.	Bank Reference Number	150	18	X(18)	18-digit number generated by the Core Banking System. Should be alphanumeric and accept spaces.
14.	Transaction Details	168	70	X(70)	Mandatory 70 Character reference field. Right space padded.
15.	Filler	238	63	9(63)	Padded with zero up to the last character to fulfill 300 bytes

DIRECT CREDIT TRANSACTION

Field	Field Name	Start Column	Field length	Format	Contents
1.	Filler	1	3	9(3)	Zero filled 000
2.	Transaction Type	4	3	9(3)	The 3 digit EFT Transaction Type
3.	Destination Account Number	7	13	9(13)	The 13- digit number of the account at the branch to be credited
4.	Destination Bank Sort Code (Receiving Clearing Center)	20	6	9(6)	The six-digit sort code of the destination bank
5.	Currency Code	26	2	9(2)	Code representing the major currencies used in the region
6.	Total Value	28	15	9(15)	The total amount for the items to be processed. Up to 15 digits. (Left Zero Padded)
7.	Originating Account Number	43	13	9(13)	The 13-digit number of the account at the branch to be debited
8.	Originating Bank Sort Code (Presenting Clearing Center)	56	6	9(6)	The six-digit sort code of the originating bank
9.	Beneficiary Name	62	50	X(50)	The name of the account to be credited. Alpha numeric and accepts spaces. Right Space padded.
10.	Value Date	112	8	9(8)	YYYYMMDD The value date for the transaction.
11.	Participant ID	120	10	9(10)	The 10-digit number of the SP to be Debited
12.	SP Customer's Account Number	130	20	X(20)	The account number held at the SP. Alphanumeric and accepts spaces.
13.	Bank Reference Number	150	18	X(18)	18-digit number generated by the Core Banking System. Should be alphanumeric and accept spaces.
14.	Transaction Details	168	70	X(70)	Mandatory 70 Character reference field. Right space padded.
15.	Filler	238	63	9(63)	Padded with zero up to the last character to fulfill 300 bytes



UNAPPLIED DIRECT CREDIT RECORD

Field	Field Name	Start Column	Field length	Format	Contents
1.	Return Reason Code	1	3	9(3)	Return Reason Code for unapplying the transaction
2.	Transaction Type	4	3	9(3)	The 3 digit EFT Transaction Type
3.	Destination Account Number	7	13	9(13)	The 13- digit number of the account at the destination bank branch to be credited.
4.	Destination Bank Sort Code (Receiving Clearing Center)	20	6	9(6)	The six-digit sort code of the destination bank to which the unapplied is credited.
5.	Currency Code	26	2	9(2)	Code representing the major currencies used in the region
6.	Total Value	28	15	9(15)	The total amount for the items to be processed. Up to 15 digits. (Left Zero Padded)
7.	Returning Account Number	43	13	9(13)	The 13-digit number of the account to be debited.
8.	Returning Bank Sort Code (Presenting Clearing Center)	56	6	9(6)	The six-digit sort code of the returning bank
9.	Beneficiary Name	62	50	X(50)	The name of the account to be credited. Alpha numeric and accepts spaces. Right Space padded.
10.	Value Date	112	8	9(8)	YYYYMMDD The value date for the transaction.
11.	Participant ID	120	10	9(10)	The 10-digit number of the SP to be Debited
12.	SP Customer's Account Number	130	20	X(20)	The account number held at the SP. Alphanumeric and accepts spaces.
13.	Bank Reference Number	150	18	X(18)	18-digit number generated by the Core Banking System. Should be alphanumeric and accept spaces.
14.	Transaction Details	168	70	X(70)	Mandatory 70 Character reference field. Right space padded.
15.	Filler	238	63	9(63)	Padded with zero up to the last character to fulfill 300 bytes

UNPAID DIRECT DEBIT RECORD

Field	Field Name	Start Column	Field length	Format	Contents
1.	Return Reason Code	1	3	9(3)	Return Reason Code for unpaying the transaction
2.	Transaction Type	4	3	9(3)	The 3 digit EFT Transaction Type
3.	Destination Account Number	7	13	9(13)	The 13- digit number of the account at the destination bank branch.
4.	Destination Bank Sort Code (Receiving Clearing Center)	20	6	9(6)	The six-digit sort code of the destination bank
5.	Currency Code	26	2	9(2)	Code representing the major currencies used in the region
6.	Total Value	28	15	9(15)	The total amount for the items to be processed. Up to 15 digits. (Left Zero Padded)
7.	Returning Account Number	43	13	9(13)	The 13-digit number of the account of the payer.



8.	Returning Bank Sort Code (Presenting Clearing Center)	56	6	9(6)	The six-digit sort code of the returning bank
9.	Payee's Name	62	50	X(50)	The name of the account to be credited. Alpha numeric and accepts spaces. Right Space padded.
10.	Value Date	112	8	9(8)	YYYYMMDD The value date for the transaction.
11.	Participant ID	120	10	9(10)	The 10-digit number of the SP to be Debited
12.	SP Customer's Account Number	130	20	X(20)	The account number held at the SP. Alphanumeric and accepts spaces.
13.	Bank Reference Number	150	18	X(18)	18-digit number generated by the Core Banking System. Should be alphanumeric and accept spaces.
14.	Transaction Details	168	70	X(70)	Mandatory 70 Character reference field. Right space padded.
15.	Filler	238	63	9(63)	Padded with zero up to the last character to fulfill 300 bytes

TRAILER RECORD

Field	Field Name	Start Column	Field length	Format	Contents
1.	Trailer	1	2	9(2)	Two digit, value = 99
2.	Total value – Direct Credits or Direct Debits	3	20	9(20)	Total Value of Direct Credits or Direct Debits records
3.	Item Count - Direct Credits or Direct Debits	23	6	9(6)	Total count of Direct Credits or Direct Debits records.
4.	Total value – Unpaid Direct Debits or Unapplied Direct Credits	29	20	9(20)	Total Value of Unpaid Direct Debits or Unapplied Direct Credits records
5.	Item Count – Unpaid Direct Debits or Unapplied Direct Credits	49	6	9(6)	Total count of Unpaid Direct Debits or Unapplied Direct Credits
6.	Total Record Count in the File	55	6	9(6)	Count of all records in the file (including Header, Trailer, Control Vouchers and Items.
7.	Filler	61	240	9(240)	Padded with zero up to the last character to fulfill 300 bytes.
8.	SHA384 Hash	301	48	H(48)	See Note 1.



EFT Reversal File

1.2.3 File Structure

An EFT file will be structured as follows;

a. File Header

i. Control Voucher

1. Direct Credit or Direct Debit Reversal Transactions

ii. Control Voucher

1. Unapplied or Unpaid Reversal Transactions

b. File Trailer

NOTE: Every record shall be 300 bytes in length except the trailer record which will contain a 48 character SHA384 HASH after the 300th character.

1.2.4 EFT Reversal Record Formats

HEADER RECORD

Field	Field Name	Start Column	Field length	Format	Contents
1.	Header Record	1	2	9(2)	Two digit, value = 00
2.	File Type	3	2	9(2)	See File Type Code
3.	Processing Date	5	8	9(8)	YYYY MM DD The business date for which the items were processed.
4.	Presenting Clearing Center Sort Code	13	6	9(6)	The Bank Sort Code of the Originating Bank
5.	Clearing Center Bank Sort Code	19	6	9(6)	The Bank Sort Code of the Receiving Bank
6.	File Serial Number	25	18	9(18)	A unique number for a data file within a Clearing Centre for one month to contain the bank code, processing date (YYYY MM DD) and actual file number. See Note 2
7.	Original EFT File Serial Number	43	18	9(18)	The original EFT file serial number of the file which contains the original presentments.
8.	Original EFT Filename	61	31	X(31)	The original EFT filename of file which contains the original presentments
9.	Filler	92	209	9(209)	Padded with zero up to the last character to fulfill 300 bytes.

DIRECT DEBIT REVERSAL TRANSACTION

Please note fields 1 to 14 should be an exact match to the original EFT transaction.

Field	Field Name	Start Column	Field length	Format	Contents
1.	Filler	1	3	9(3)	Zero filled 000
2.	Transaction Type	4	3	9(3)	The 3 digit EFT Transaction Type
3.	Destination Account Number	7	13	9(13)	The 13- digit number of the account at the branch to be debited
4.	Destination Bank Sort Code (Receiving Clearing Center)	20	6	9(6)	The six-digit sort code of the destination bank
5.	Currency Code	26	2	9(2)	Code representing the major currencies used in the region
6.	Total Value	28	15	9(15)	The total amount for the items to be processed. Up to 15 digits. (Left Zero Padded)



7.	Originating Account Number	43	13	9(13)	The 13-digit number of the account at the branch to be credited
8.	Originating Bank Sort Code (Presenting Clearing Center)	56	6	9(6)	The six-digit sort code of the originating bank
9.	Beneficiary Name	62	50	X(50)	The name of the account to be credited. Alpha numeric and accepts spaces. Right Space padded.
10.	Value Date	112	8	9(8)	YYYYMMDD The value date for the transaction.
11.	Participant ID	120	10	9(10)	The 10-digit number of the SP to be Debited
12.	SP Customer's Account Number	130	20	X(20)	The account number held at the SP. Alphanumeric and accepts spaces.
13.	Bank Reference Number	150	18	X(18)	18-digit number generated by the Core Banking System. Should be alphanumeric and accept spaces.
14.	Transaction Details	168	70	X(70)	Mandatory 70 Character reference field. Right space padded.
15.	Filler	238	63	9(63)	Padded with zero up to the last character to fulfill 300 bytes

DIRECT CREDIT REVERSAL TRANSACTION

Please note fields 1 to 14 should be an exact match to the original EFT transaction.

Field	Field Name	Start Column	Field length	Format	Contents
1.	Filler	1	3	9(3)	Zero filled 000
2.	Transaction Type	4	3	9(3)	The 3 digit EFT Transaction Type
3.	Destination Account Number	7	13	9(13)	The 13- digit number of the account at the branch to be credited
4.	Destination Bank Sort Code (Receiving Clearing Center)	20	6	9(6)	The six-digit sort code of the destination bank
5.	Currency Code	26	2	9(2)	Code representing the major currencies used in the region
6.	Total Value	28	15	9(15)	The total amount for the items to be processed. Up to 15 digits. (Left Zero Padded)
7.	Originating Account Number	43	13	9(13)	The 13-digit number of the account at the branch to be debited
8.	Originating Bank Sort Code (Presenting Clearing Center)	56	6	9(6)	The six-digit sort code of the originating bank
9.	Beneficiary Name	62	50	X(50)	The name of the account to be credited. Alpha numeric and accepts spaces. Right Space padded.
10.	Value Date	112	8	9(8)	YYYYMMDD The value date for the transaction.
11.	Participant ID	120	10	9(10)	The 10-digit number of the SP to be Debited
12.	SP Customer's Account Number	130	20	X(20)	The account number held at the SP. Alphanumeric and accepts spaces.
13.	Bank Reference Number	150	18	X(18)	18-digit number generated by the Core Banking System. Should be alphanumeric and accept spaces.
14.	Transaction Details	168	70	X(70)	Mandatory 70 Character reference field. Right space padded.



15.	Filler	238	63	9(63)	Padded with zero up to the last character to fulfill 300 bytes
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CONTROL VOUCHER

Field	Field Name	Start Column	Field length	Format	Contents
1.	Voucher Control Record	1	2	9(2)	Two digit, value = 88
2.	Control Voucher Type	3	2	9(2)	See Control Voucher Type.
3.	Currency Code	5	2	9(2)	Code representing the major currencies used in the region
4.	Filler	7	294	9(294)	Padded with zero up to the last character to fulfill 300 bytes.

UNAPPLIED REVERSAL DIRECT CREDIT RECORD

Please note fields 1 to 14 should be an exact match to the original EFT transaction.

Field	Field Name	Start Column	Field length	Format	Contents
1.	Return Reason Code	1	3	9(3)	Return Reason Code for unapplying the transaction
2.	Transaction Type	4	3	9(3)	The 3 digit EFT Transaction Type
3.	Destination Account Number	7	13	9(13)	The 13- digit number of the account at the destination bank branch to be credited.
4.	Destination Bank Sort Code (Receiving Clearing Center)	20	6	9(6)	The six-digit sort code of the destination bank to which the unapplied is credited.
5.	Currency Code	26	2	9(2)	Code representing the major currencies used in the region
6.	Total Value	28	15	9(15)	The total amount for the items to be processed. Up to 15 digits. (Left Zero Padded)
7.	Returning Account Number	43	13	9(13)	The 13-digit number of the account to be debited.
8.	Returning Bank Sort Code (Presenting Clearing Center)	56	6	9(6)	The six-digit sort code of the returning bank
9.	Beneficiary Name	62	50	X(50)	The name of the account to be credited. Alpha numeric and accepts spaces. Right Space padded.
10.	Value Date	112	8	9(8)	YYYYMMDD The value date for the transaction.
11.	Participant ID	120	10	9(10)	The 10-digit number of the SP to be Debited
12.	SP Customer's Account Number	130	20	X(20)	The account number held at the SP. Alphanumeric and accepts spaces.
13.	Bank Reference Number	150	18	X(18)	18-digit number generated by the Core Banking System. Should be alphanumeric and accept spaces.
14.	Transaction Details	168	70	X(70)	Mandatory 70 Character reference field. Right space padded.
15.	Filler	238	63	9(63)	Padded with zero up to the last character to fulfill 300 bytes



UNPAID REVERSAL DIRECT DEBIT RECORD

Please note fields 1 to 14 should be an exact match to the original EFT transaction.

Field	Field Name	Start Column	Field length	Format	Contents
1.	Return Reason Code	1	3	9(3)	Return Reason Code for unpaying the transaction
2.	Transaction Type	4	3	9(3)	The 3 digit EFT Transaction Type
3.	Destination Account Number	7	13	9(13)	The 13- digit number of the account at the destination bank branch.
4.	Destination Bank Sort Code (Receiving Clearing Center)	20	6	9(6)	The six-digit sort code of the destination bank
5.	Currency Code	26	2	9(2)	Code representing the major currencies used in the region
6.	Total Value	28	15	9(15)	The total amount for the items to be processed. Up to 15 digits. (Left Zero Padded)
7.	Returning Account Number	43	13	9(13)	The 13-digit number of the account of the payer.
8.	Returning Bank Sort Code (Presenting Clearing Center)	56	6	9(6)	The six-digit sort code of the returning bank
9.	Beneficiary Name	62	50	X(50)	The name of the account to be credited. Alpha numeric and accepts spaces. Right Space padded.
10.	Value Date	112	8	9(8)	YYYYMMDD The value date for the transaction.
11.	Participant ID	120	10	9(10)	The 10-digit number of the SP to be Debited
12.	SP Customer's Account Number	130	20	X(20)	The account number held at the SP. Alphanumeric and accepts spaces.
13.	Bank Reference Number	150	18	X(18)	18-digit number generated by the Core Banking System. Should be alphanumeric and accept spaces.
14.	Transaction Details	168	70	X(70)	Mandatory 70 Character reference field. Right space padded.
15.	Filler	238	63	9(63)	Padded with zero up to the last character to fulfill 300 bytes

TRAILER RECORD

Field	Field Name	Start Column	Field length	Format	Contents
1.	Trailer	1	2	9(2)	Two digit, value = 99
2.	Total value – Direct Credit or Direct Debit Reversals	3	20	9(20)	Total Value of Direct Credit or Direct Debit Reversals
3.	Item Count – Direct Credit or Direct Debit Reversals	23	6	9(6)	Total record count of Direct Credit or Direct Debit Reversals
4.	Total value – Unapplied Reversal Direct Credits or Unpaid Reversal Direct Debits	29	20	9(20)	Total Value of Unapplied Reversal Direct Credits or Unpaid Reversal Direct Debits
5.	Item Count – Unapplied Reversal Direct Credits or Unpaid Reversal Direct Debits	49	6	9(6)	Total record count of Unapplied Reversal Direct Credits or Unpaid Reversal Direct Debits



6.	Total Record Count in the File	55	6	9(6)	Count of all records in the file (including Header, Trailer, Control Vouchers and Items.
7.	Filler	61	240	9(240)	Padded with zero up to the last character to fulfill 300 bytes
8.	SHA384 Hash	301	48	H(48)	See Note 1.



APPENDIX III – STANDARD ANSWERS FOR RETURNED ITEMS

A. CIC

Code	Description
000	No allocation
001	Account Closed
002	Amount Wrongly Captured
003	Free – matched
004	Payer deceased
005	Endorsement Irregular
006	Unable to clear (only when bank is closed and/or locked out of the clearing order)
007	Payment stopped by the drawer (NOTE: Extreme care must be exercised when accepting this instruction. If the drawer has insufficient funds at the time of making the order or at the time the cheque is presented, the account shall attract the prevailing fee for R/D cheques).
008	Unpaid cheque being represented
009	Presentation Overdue
010	Account Frozen
013	Refer to Drawer – Insufficient funds
016	Refer to Drawer - Winding up petition presented.
017	Crossed to more than one bank
018	MICR Code line data and MICR Code Line Image Details Differ
019	No account (OR wrong account type) (NOTE: Extreme care must be exercised when using this answer. If the drawer has no account how does he/she have a cheque book - check Dormant Account and Blocked Accounts and ascertain when and to whom the cheque book was issued before returning the cheque)
020	Account transferred
021	Confirmation Required (Applicable to BOZ only)
022	Cheques printed by unauthorised printers
023	Wrongly Delivered
024	Undersize Image / Image below minimum Computer image size
025	Excessive Image Skew
026	Piggy-Back Image
027	Oversize Image / Image above maximum computer image size
028	Horizontal streaks in Image
029	Image digital signature does not match
030	Time Barred
031	Image of Defaced cheque
032	Image too light or too dark
033	Image Digital Signature Missing
034	Image Fails Digital Signature Check
035	Can't read Image Date
036	Can't read Image Amount
037	Can't read Image Drawer Name
038	Can't read Image MICR code line
039	Cheque Unpaid because of suspected Criminal Activity
040	Date expired - Cheque stale
041	Cheque Post-dated
042	Date Irregular



043	Can't read Image Payee Name
044	Can't read Image Signature
045	Image Out of Focus
046	Payee Name Incomplete
047	Payee Name Irregular
048	Excessive spot noise in Image
049	Amount in Words and figures differ
050	Amount in words required
051	Amount in figures required
052	Amount in figures irregular (or incomplete)
053	Banks Crossing Stamp Required
054	Cheques crossed to two banks
055	Crossing Irregular
056	Endorsement requires bank's confirmation
057	Drawer's endorsement Required
058	Signature Differs from specimen held
059	Drawer's Signature Required
060	Alteration, requires drawers signature
061	Payee's name required
065	Amount differs between Image and Data file
076	Advance notice disputed
079	Name of Account missing on Image
080	Amount not yet due
081	Wrong return reason code used
082	Unpaid record does not march original presentment record
083	Cheque not issued by bank
084	Duplicate Cheque presented
085	Wrong currency used
086	Multiple return reasons on the cheque
086-199	Reserved for future use

B. EFT

Code	Description
001	Account Closed
004	Payer deceased
006	Unable to clear (only when bank is closed and/or locked out of the clearing order)
009	Presentation Overdue
010	Account Frozen
013	Refer to Drawer due to lack of funds
019	No account (OR wrong account type)
020	Account transferred
023	Wrongly Delivered
030	Time Barred
070	No mandate held
071	Mandate cancelled
072	Service Provider differs
073	Invalid account type
074	Bank will not accept Direct Debits on account
075	Mandate has expired



076	Advance notice disputed
078	Debit in Excess of Direct Debit Authority
079	Name of Account Required
080	Amount not yet due
081- 199	Reserved for future use



APPENDIX IV – DD FORMS

STANDARD INDEMNITY

FORM DD1

Standard Indemnity – to be used by Service Providers

TO

- | | |
|--------------------------------|--|
| AB ZAMBIA LIMITED | FIRST ALLIANCE BANK ZAMBIA LIMITED |
| ACCESS BANK ZAMBIA LIMITED | FIRST NATIONAL BANK ZAMBIA LIMITED |
| BANCABC ZAMBIA LIMITED | INDO-ZAMBIA BANK LIMITED |
| BANK OF ZAMBIA | INTERMARKET BANKING CORPORATION (ZAMBIA) LIMITED |
| BANK OF CHINA (ZAMBIA) LIMITED | INTERNATIONAL COMMERCIAL BANK (ZAMBIA) LIMITED |
| BARCLAYS BANK ZAMBIA PLC | INVESTRUST BANK PLC |
| CAVMONT BANK LIMITED | STANBIC BANK ZAMBIA LIMITED |
| CITIBANK ZAMBIA LIMITED | STANDARD CHARTERED BANK ZAMBIA PLC |
| ECOBANK ZAMBIA LIMITED | UNITED BANK FOR AFRICA ZAMBIA LIMITED |
| FINANCE BANK ZAMBIA LIMITED | ZAMBIA NATIONAL COMMERCIAL BANK PLC |

2. And any other present and future members of Direct Debits (DD)
1. IN CONSIDERATION of your severally accepting instructions from time to time from (hereinafter called 'the Service Provider) or from an agent of the Service Provider or anyone purporting to act as an agent to debit yourselves or the accounts of your customers with the amounts specified on instruments drawn in paper form or in automated input form written in accordance with the requirements of the Zambia Electronic Clearing House Limited (ZECHL) (acting on behalf of Member/Participating Banks named above), we shall keep each of you indemnified on your respective first demands against all actions, claims, damages, costs and expenses arising directly or indirectly from such debiting or failure to debit and without our agreement to the validity of such demand we shall forthwith pay the amount thereof.
2. We authorise you and each of you to admit, compromise or reject any claims made upon you without reference to or authority from the undersigned.
3. You are not required to verify or check that instructions given to you or any of you by your customers have been given, and remain in force in respect of any debits made at the request of the Service Provider.
4. You are not required to verify or check that any purpose or condition of payment stated in the Direct Debit Mandate (DDM) signed by any of you or by your customers is fulfilled or is observed.
5. We shall incur no liability hereunder to the extent that any payment, losses, costs or expenses included in any such demands are caused by the failure by the one of you making such demand or by that one's servants or agents to comply with the requirements set out in the DDACC Rules and Procedures as amended from time to time. If subsequent to payment by us it is established that we were under no liability hereunder to make such payment the amount thereof shall forthwith be repaid to us.
6. This Indemnity is to be in addition to and is not to prejudice or be prejudiced by any other Indemnity which has been or may now or hereafter be executed by us in connection with Direct Debiting operations carried out by any other Service Provider and is to be binding on us as a continuing security notwithstanding any payments from time to time made to you or any of you or any settlement of account or disability or incapacity affecting us or any of us or any other thing whatsoever.
7. You are to be at liberty without thereby affecting your rights hereunder at any time and from time to time at your absolute discretion to release discharge compound with or otherwise vary or agree the liability under this Indemnity or make any other arrangement with us.
8. This Indemnity shall be enforceable notwithstanding any change in the name of any Member/Participating Bank by which the cover of the Indemnity has been accepted or any change in the constitution of that Institution its successors or assigns or by its amalgamation with any other Institution or Institutions.



9. This Indemnity may be terminated by our giving notice in writing thereof to:
- a) the sponsoring Bank
AND TO
 - b) all other Financial Institutions which may have accepted the cover of this Indemnity but without prejudice to our liability in respect of any debits originated prior to the receipt of such notice by the Institutions concerned.
10. a) This Indemnity shall be governed by and construed in accordance with the laws of Zambia.
 b) Any legal proceedings which may be instituted in connection herewith shall be commenced and prosecuted either in the courts of Zambia (to the jurisdiction whereof in such event we hereby irrevocably and unconditionally submit) or, (at your option) in the Courts of the country in which we are domiciled or to the jurisdiction whereof we are subject at the time when such proceedings are commenced.

** Name(s) and signed below by
 capacity in **Name of person signing** (name)

which signing **Designation of person signing** (capacity) BLOCK
 CAPITAL

and **Name of second person signing** (name)

3.
 4. **Designation of second person signing** (capacity)

On behalf of the Company/Society/Council/Association/ pursuant to a
 resolution of the Board of Directors/Council/Committee/ a certified copy
 whereof is hereto annexed this

day of 2.....

(Date on which signed must be on or after date on which Authorising Resolution was agreed by a Service Provider)

For and on behalf of **A Service Provider**
Signature(s) of above named
 Signatures**

** The number of signatories is discretionary. If a Service Provider wishes to specify, in the authorizing resolution, a signatory to the Indemnity solely by official capacity, e.g. as the Treasurer, a certified copy of the resolution appointing the signatory to that office should be attached to that executed Indemnity.



AUTHORISING RESOLUTION	FORM DD 2
-------------------------------	------------------

This is a resolution to be passed by the Board of Directors of a corporate body resolving that the organisation participate in DDACC and authorising named individuals to execute the Indemnity on its behalf. A certified copy of the resolution must be accompanied by the Indemnity.

At a Meeting of the Board of Directors/Council Committee of held on
 day of 20.....the following resolution was passed and has
 been duly recorded in the Minutes

RESOLVED that:.....

participates as a Service Provider in DDACC operated by Zambia Electronic Clearing house Limited and members of the Bankers Association of Zambia and that:

M	Name of person signing Indemnity	}Name and }official**
M	Name of second person signing Indemnity	}designation

is/are hereby authorised to execute a Form of Indemnity worded in the standard form required by those members.

Certified a true copy of the resolution

.....	
Chairman		Secretary

Date

** The number of signatories is discretionary. If a Service Provider wishes to specify, in the authorising resolution, a signatory to the Indemnity solely by official capacity, e.g. the 'Treasurer', a certified copy of the resolution appointing the signatory to that office should be attached to the executed Indemnity.



DIRECT DEBIT MANDATE AMENDMENT & CANCELLATION

FORM DD3

Bank Sort Code

ANY Bank
Cairo Road
Lusaka
Zambia

Date:

To: Payer's Name
Cairo Road
Lusaka
Zambia

Dear Sir,

Please note the following amendment/cancellation with effect from _____

(Please Tick as Appropriate)

- | | |
|--|---|
| <input type="checkbox"/> 01 Account Closed | <input type="checkbox"/> 28 Advance Notice disputed |
| <input type="checkbox"/> 02 Account Transferred to Another Bank | <input type="checkbox"/> 34 Mandate Amended |
| <input type="checkbox"/> 10 Payer Deceased | <input type="checkbox"/> 35 Mandate re-instated |
| <input type="checkbox"/> 20 Mandate Cancelled by Payer | <input type="checkbox"/> 39 Account/Mandate transferred to a different branch of Bank (See Schedule 1) |
| <input type="checkbox"/> 23 Mandate Cancelled – Refer to Payer | <input type="checkbox"/> |

Service Provider's Id. No.

Details of Present Mandate

(to be completed in all cases)

Name of Service Provider: _____

Your Reference:

Name of Payer: _____

Payer's Account Number:

Details of Amendments (to be completed for above reason codes – 34 & 35)

Name of Payer: _____

Payer's Account Number:

Details of New Branch
Branch Name: _____

Sort Code

Payers Account Number:

Yours faithfully,

Branch Stamp

Manager Date



Company Name
Cairo Road
Lusaka
Zambia

Date:

To: Payer's Name
Cairo Road
Lusaka
Zambia

Dear Sir,

RE: NOTIFICATION OF CHANGE TO DIRECT DEBIT PAYMENT, DUE DATE, AMOUNT OR FREQUENCY.

Service Provider's Name:.....

Bank Branch sort Code:

--	--	--	--	--	--

Payer's Account Name:

Payer's Reference Number with the Service Provider:

With effect from Direct Debit payments due in respect of the above Direct Debit Mandate datedwill now be for K..... and collected on or immediately after (date).....

Should you have any queries in respect of this notification please contact (Name & Telephone Number), otherwise the Direct Debit collection shall be amended as detailed above.

Yours faithfully,

Authorised Signatory



Zambia

BANK NAME
Cairo Road
Lusaka

Date:

To: Payer's Name
Cairo Road
Lusaka
Zambia

DIRECT DEBIT MANDATE – UNABLE TO ACTION

The attached Direct Debit Mandate(s), cannot be processed for the following reason:

- Invalid Sort Code
- Invalid Account Type
- Invalid Mandate
- Account Not Held/Closed
- Account Name Differs
- Insufficient/Invalid Account Details
- Direct Debits Not Permissible On This Particular Account
- Lodgement Refused
- No Reference Number
- No Signature
- Other – Please Specify

If appropriate, please arrange for the Mandate to be completed with valid details and returned to this office.

Manager: _____

Date: _____

Branch Stamp



REFUND REQUEST FORM

FORM DD 6

A form used by the paying Bank to request a refund from the Service Provider as a result of Paying Bank error.

**Direct Debit
Refund Request**

From: The Manager _____ Bank _____
 _____ Branch _____

Dear Sir or Madam:

Due to an error by this branch which has affected our customer could you please give consideration to refund this branch, by means of the attached Bank Credit, the sum specified below, in respect of the under mentioned Direct Debit

Details of Request

Reasons for Request

Date Processed _____
 Due Date & Frequency _____
 Your Reference _____
 Name of Payer _____
 Amount of Claim K _____
 Total Amount of Direct Debit(s) K _____
 Yours Faithfully
 Manager
 Date _____

Payer instructed us to Cancel instruction _____
 Other Reason _____
 Additional Notes _____

 Branch Stamp

From: _____ Bank. **Bank Credit**
 _____ Branch. Date: _____

Bank and Branch	Sort Code Number	Account Name and No.	Amount
Reference: _____	_____	Direct Debit Suspense A/c Payer _____	K _____

PLEASE DO NOT WRITE BELOW THIS LINE

Re Settlement of Indemnity Claim by : _____ (Service Provider)



AN COMPANY
LOGO OR NAME

Mandate to your Bank to pay by Direct Debit

Please fill in the whole form using a ball point pen and send to:

Name and full postal address of the service Provider

.....
.....
.....

To be completed by the Service Provider

Bank Sort Code

.....

Service Provider's Reference Number

.....

Name of Account

.....

Bank account number

.....

Branch Sort Code

.....

Your Account No. with Service Provider

.....

Fixed amount to be debited

K

Payment Date (DD/MM/YY)

.....

Variable amount to be debited subject to maximum of

K

*Payment Date (Tick as applicable)

D W FN M Q H A

To: The Manager
(Name and full postal address of your Bank)

.....
.....
.....

Please pay (Service Provider) Direct Debits from my account detailed in this mandate subject to safeguards assured by the Direct Debits Guarantee. I/we understand that this mandate may remain with (Service Provider) and, if so, details will be passed electronically to my Bank

Signatures

Date

Banks may not accept Direct Debit Mandates for some types of accounts
*D=Daily W=Weekly FN=Fortnightly M=Monthly Q=Quarterly H=Half Yearly A=Annually

Sponsoring Bank Name



The guarantee should be detached and retained by the payer

The Direct Debit Guarantee

- This Guarantee is offered by all banks that take part in the DDACC System. The efficiency and security of the Direct Debit is monitored and protected by your own Bank.
- If the amounts to be paid or the payment dates change (Service Provider) will notify you 14 working days in advance of your account being debited or as otherwise agreed.
- If an error is made by (Service Provider) or your bank, you are guaranteed a full and immediate refund from your branch of the amount paid.
- You can cancel a Direct Debit at any time by writing to your bank. Please also send a copy of your letter to us.



AN COMPANY
LOGO OR NAME

Instruction to your Bank to pay by Direct Debit

Please fill in the whole form including official use box

Service Provider's Reference Number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Name(s) of Account Holder(s)

FOR (AN COMPANY) OFFICIAL USE ONLY
This is not part of the instruction to your Bank

Bank account number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Branch Sort Code

--	--	--	--	--	--

Instruction to your bank

Please pay (AN Company) Direct Debits from the account detailed in this Instruction subject to the safeguards assured by the Direct Debit Guarantee.

I understand that this Instruction may remain with (AN company) and, if so, details will be passed electronically to my bank

To: The Manager Bank

Address

Signature

Date

Name and full postal address of your Bank

To: The Manager Bank

Address

Standing Order Cancellation

Branch Sort Code

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Bank account number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

With immediate effect, please cancel my/our Standing Order authority payable to AN company under:

Account reference No.

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Name(s) of Account Holder(s)

Signature(s)

Banks may not accept Direct Debit Mandates for some types of accounts



The guarantee should be detached and retained by the payer

The Direct Debit Guarantee

- This Guarantee is offered by all banks that take part in the DDACC. The efficiency and security of the Direct Debit is monitored and protected by your own bank.
- If the amounts to be paid or the payment dates change (*insert your Service Provider*) will notify you (*insert number of*) working days in advance of your account being debited or as otherwise agreed.
- If an error is made by (*insert your Service Provider*) or your bank, you are guaranteed a full and immediate refund from your branch of the amount paid.
- You can cancel a Direct Debit at any time by writing to your bank. Please also send a copy of your letter to us.



A form used by the Paying Bank to request a refund from Service Provider as a result of Service Provider error.

Direct Debit Indemnity Claim

[Empty box for address details]

(Address details for Service Provider)

Dear Sir/Madam,

Under the terms of the Direct Debit Indemnity, we request you to refund forthwith to this branch, by means of the attached bank credit, the sum specified below, in respect of the under mentioned Direct Debit(s). Our customer has already been reimbursed in respect of this claim.

Reason for Claim

- Reasons for claim including: Amount and / or date of DD differs from Advance Notice, *No Advance Notice received by Payer /or the amount quoted is disputed, DDM cancelled by Paying Bank, Payer has cancelled DDM direct with Service Provider, No Mandate held. Payer disputes having given authority, Signature on DDM is fraudulent or not in accordance with account authorised signature(s), Claim raised at Service Provider's request after DD applied to Payer's account, Service Provider name disputed, Consequential loss.

Details of Claim/Request

Form fields for Date processed, Due Date and frequency, Your Reference, Name of Payer, Amount of Claim, Total amount of Direct Debit(s)

Service Provider's Reference Number [Grid]

*Delete as applicable

Yours faithfully

Branch Stamp

Manager

Date

DETAILS BELOW TO BE COMPLETED BY BRANCH CLAIMING PAYMENT

Bank Credit

From: Bank Branch Date:

Table with 4 columns: Bank and Branch, Sort Code Number, Account Name and No, Amount. Includes fields for Ref, Direct Debiting Suspense A/C, and Payer.

PLEASE DO NOT WRITE BELOW THIS LINE

Re settlement of Indemnity Claim by: (Service Provider)



APPENDIX V – GUIDELINES FOR THE DESIGN OF THE DIRECT DEBIT MANDATE

- 1 The prescribed order of information boxes must be maintained on the face of the Mandate.
- 2 The maximum size of a DDM must be A4 size.
- 3 The minimum size of a DDM must be 110mm by 70mm and this includes published instructions.
- 4 The DDM must be clearly separated from any other text. No additional material shall appear within the boundary of the Mandate, with the exception of the official use box.
- 5 The paper Mandate delivered to the branch must be rectangular to facilitate ease of handling / storage.
- 6 The standard heading 'Mandate to your Bank to pay Direct Debits' is mandatory.
- 7 Clear instructions to the Payer for the return of the form must be shown on the face of the DDM.
- 8 The authority text to debit the Payer's account must always be printed above the Payer's signature box.
- 9 Where the Service Provider is undertaking a Standing Order conversion the instruction to cancel the standing Order must be printed as a section at the bottom of the DDM.
- 10 A Service Provider may have a Service Provider's 'official use box' on the DDM, which may be used to record information not pertinent to the Payer's authority for the Direct Debit application.



APPENDIX VI – EXAMPLES OF PROHIBITED PRACTICES

1. INDEMNITY DOCUMENTATION

- 1.1 The Indemnity cannot be amended in any way.
- 1.2 The resolution cannot be amended in any way.

2. ADDITIONS TO THE DIRECT DEBIT MANDATE

- 2.1 Multiple Account Number choices must not be used on the DDM.
- 2.2 The wording of the Direct Debit Guarantee as detailed in this document must not be varied in any way.
- 2.3 The DDM must not be used for the collection of a single payment. A single payment can be defined as a Direct Debit, which shall only be collected once. Payments that occur more than once in a 13-month period are allowed.
- 2.4 Service Providers must not combine a Standing Order Mandate with a DDM e.g. 'I/We authorise you to charge my/our account with you by standing Order or Direct Debit for the credit of A.N. Company Ltd'.
- 2.5 The Service Provider must not make reference on the DDM of the proposed collection date and / or that the first payment shall include collection of all back payments e.g. 'The first Direct Debit shall include all amounts which are due up to the date the Mandate is presented'.
- 2.6 The Service Provider must not vary the text or make any addition to the DDM except in the Service Provider's official use box'.
- 2.7 The Service Provider must not include an address disclosure clause within the DDM e.g. 'You are hereby authorised to advise A.N. Company Ltd of my/our address upon request'.
- 2.8 The use of adhesive labels on DDM's is not permitted in any form
- 2.9 The Service Provider must not lodge DDM's, which contain only a copy of the Payer's signature.
- 2.10 The DDM must not be lodged with any form or contract required by the Service Provider in respect of the service / product offered.
- 2.11 The Service Provider must not lodge DDM's, which are not completed in English.
- 2.12 The Service Provider must not print on the DDM itself any details that the Payer needs to keep, including dates and times of payments.

3. ADVANCE NOTIFICATIONS

- 3.1 Oral notification of a future schedule of Direct Debit collections, where the amount and / or collection date is subject to change, is not sufficient. Such information must be given to the Payer in written or electronic form.
- 3.2 Announcement of any change in a professional journal or other publication is not adequate, without a separate letter addressed to the Payer. Clubs or professional institutions must issue each member with a separate notice of any change in the rate of subscription or the date of payment in accordance with Advance Notice requirements prior to that change taking place.
- 3.3 Advance Notices must not be sent with material which might have the appearance of 'junk mail' and thus risk being discarded before being read. If other (non-related) information is sent, to qualify as 'Advance Notice' the statement of payment changes must:
 - 3.3.1 Be given precedence over other material.
 - 3.3.2 Appear under a prominent clear heading.
 - 3.3.3 Direct Debits cannot be collected before the date specifically detailed on the Advance Notice. This applies whether or not the specified date is a working day.



4. **COMPLETION AND LODGEMENT OF THE DIRECT DEBIT MANDATE**

- 4.1 Service Providers must not request the Payer to lodge the completed DDM directly with the Paying Bank.
- 4.2 Service Providers must not accept a DDM with any amendments made by the Payer (e.g. amount, frequency or collection date). If a DDM is accepted with amendments the Service Provider shall be liable for any resulting Indemnity Claims.
- 4.3 Service Providers must not request the Paying Bank to acknowledge the receipt of a DDM in any format e.g. by telephone or letter, before the first Direct Debit is presented.

5. **PAYING BANKS RESPONSIBILITIES – DIRECT DEBITS**

- 5.1 Collecting Direct Debits using Paper Vouchers is not allowed in DDACC.
- 5.2 Where the DDM is held, the Service Provider must not ask the Paying Bank to make payment by any other means.



APPENDIX VII – DIRECT DEBITS AGREEMENT

1 INTRODUCTION

This Agreement is a service agreement, which applies to Direct Debits between customer party to this agreement ("Service Provider") and the Bank ("Bank") and sets out the terms and conditions pursuant to which the Bank will provide the Direct Debit services (as defined below).

1.1 DEFINITIONS

In this Agreement the following words and phrases shall have the following meanings:

- 1.1.1 "Service Provider" means the organisation 'originating' requests for collection by Direct Debits payments;
- 1.1.2 "Bank" means those branches, subsidiaries or affiliates of the Bank which are providing Direct Debit services to the Service Providers;
- 1.1.3 "Direct Debit Instruction" means the instruction submitted to the Bank by the Service Provider to initiate a collection from a Direct Debit Payer via the Direct Debit services;
- 1.1.4 "Direct Debit Payer" means each person (whether an individual or a corporate entity or partnership) whose accounts are to be debited by means of the Direct Debit;
- 1.1.5 "DD" means Direct Debit;
- 1.1.6 "Collecting Bank" means the Bank maintaining the Service Provider's account;
- 1.1.7 "Paying Bank" means the Bank maintaining the Direct Debit Payer's account;
- 1.1.8 Any reference in this Agreement to a Clause or Schedule to this Agreement unless otherwise stated.

2 DIRECT DEBITS

2.1 In consideration of the amounts payable pursuant to Clause 5 and during the term of this Agreement, the Bank and/or Bank's subsidiaries or associates will provide to the Service Provider the DD services on the terms and conditions set out in this Agreement.

2.1.1 For the purposes of this Agreement the "DD Services" means:

2.1.1.1 collecting the Service Provider's Direct Debit Instructions;

2.1.1.2 reformatting Direct Debit Instructions from the Service Provider to the standard format of the clearing house and sending the Direct Debit Instructions as reformatted via the relevant agent to the clearing house or, if the Bank deems it appropriate, processing the Direct Debit Instructions itself and debiting the Direct Debit Payer's account in the amount specified in the Direct Debit Mandate in the local currency where such Direct Debit Payer's account is based;

2.1.1.3 receiving the total amount of direct debits in relation to the Direct Debit Payers' accounts from the clearing house and crediting each Service Provider's account held with the Bank with an amount equal to the total amount of such direct debits;

2.1.1.4 collecting details of returned or rejected Direct Debit transactions from the clearing house or Paying Bank, reformatting into a standardised format and supplying the transaction details to the Service Provider in a format to be mutually agreed;

2.1.1.5 collecting details of paid direct debit transactions and supplying the Service Provider for Direct Debit Payer's account update.



2.1.2 The DD Services will be provided in accordance with the rules, operating procedures and timetables. Details of those operating procedures and timetables will be provided to the Service Provider on request.

2.1.3 The Bank is authorised to appoint any other persons (Agents) to perform any of the relevant DD services arising under or in connection with the DD under this Agreement.

3 DIRECT DEBITS DELIVERY AND SPECIAL FORMS

3.1 Within thirty days of the date hereof or a date mutually agreed, the Service Provider will complete and return to the Bank the special forms required to participate in DD.

3.2 On the date hereof and from time to time thereafter the Service Provider may transmit via a mutually agreed telecommunications medium to the Bank in a pre-agreed format, its Direct Debit transactions and all relevant information relating to each Direct Debit Payer whose bank account is to be debited and the account of the Service Provider to be correspondingly credited pursuant to this agreement.

4 RETURNED OR REJECTED DIRECT DEBIT INSTRUCTIONS

4.1 The Service Provider shall be obliged to reimburse or to pay to the Bank on demand a sum equal to any amount which had been previously credited to the Service Provider's account where such amount is to be repaid to the Direct Debit Payer's accounts in the event that it is discovered that,

4.2 in the Bank's sole opinion an error has been made (for whatever reason) in debiting a Direct Debit Payer's account and/or crediting an account of the Service Provider, in either case, pursuant to this Agreement, or

4.3 the Direct Debit Payer has revoked the direct debit in accordance with the rules of DD. The Bank is hereby authorised in these circumstances and those covered in the DDACC Rules to debit the Service Provider's account for the purpose of obtaining such reimbursement or payment.

4.4 The Service Provider agrees to pay to the Bank all fees associated with the direct debit, which are applied against the Bank by the Direct Debit Payer's bank in revoking or returning a Direct Debit Instruction.

5 FEES AND OTHER AMOUNTS

5.1 The fees payable for the DD services will be mutually agreed between the Service Provider and the Bank.

5.2 The Service Provider shall be liable for and pay any value-added tax or duties arising in the provision of the DD services. The Bank shall have the right to review and modify the fees agreed between it and the Service Provider.

6 PERFORMANCE

6.1 The Bank will perform in good faith and with reasonable care, as determined in accordance with the standards and practices of the banking industry, and the Bank and any other person(s) appointed by the Bank and its agents may use any communications, clearing or payment system, intermediary bank or other entity (each a "System") it reasonably selects; the Bank and any other person(s) appointed by the Bank performance is subject to the rules and regulations at any time of any System. The Bank shall not be liable to the Service Provider for any act or omission in connection with the DD services rendered by the Bank for any loss or damage which the Service Provider or any third party (including Direct Debit



Payers) may sustain as a result of or in the course of the performance by the Service Provider / Agent of their obligations under or pursuant to this Agreement, save that the Bank shall be responsible for negligence fraud or willful default by any Bank's appointed agent. Under no circumstances shall the Bank and/or the Bank' appointed agent be liable for any indirect, incidental or consequential loss (including loss or profit) even if advised of the possibility of such loss.

- 6.2 Neither the Service Provider nor the Bank nor any Bank's appointed agent will be responsible for any failure to perform any of its obligations under this Agreement if such performance would result in it being in breach of law, regulation or other requirement of any governmental or other authority in accordance with which it is required to act or if its performance is prevented, hindered or delayed by a Force Majeure Event; in such case its obligations will be suspended for so long as the Force Majeure Event continues and, in the case of the Bank or any Bank's appointed agent, no other branch, subsidiary or affiliate shall become liable. "Force Majeure Event" means any event due to any cause beyond the reasonable control of the relevant party, such as restrictions on convertibility or transferability, requisitions, involuntary transfers, unavailability of any System, sabotage, fire flood, explosions, acts of God, civil commotion, strikes or industrial actions of any kind, riots, insurrection, war or acts of government.
- 6.3 Any obligation of the Bank or any Bank's appointed agent under this Agreement relating to any bank account or to the DD Services is subject to the laws (including governmental acts, orders, decrees and regulations) of Zambia

7 INDEMNITY

- 7.1 In consideration of the Bank agreeing to make available the DD Services, the Service Provider hereby indemnifies the Bank in full against all losses, costs, claims, liabilities and expenses suffered or incurred by it arising under or in connection with the provision of the DD Services save to the extent that the relevant loss, cost, claim, liability or expense was suffered or incurred as a result of the fraud negligence or willful default on the part of the Bank or its agent.
- 7.2 The Service Provider shall be required to execute the indemnity in accordance with the DDACC Rules.
- 7.3 The Service Provider may consider it necessary to seek insurance cover in respect of any indemnity liability pursuant to Clause 7.1 above.

8 REPRESENTATIONS

- 8.1 During the course of this Agreement the Service Provider and (except in relation to Clause 8.1.5 below) the Bank (each for itself) represents to the other that:
- 8.1.1 it is duly organised, validly existing and in good standing in every jurisdiction where it is legally required so to be;
- 8.1.2 it has the power and authority to execute and deliver and to perform its obligations under this Agreement;
- 8.1.3 this Agreement is duly authorised, executed and delivered and is its enforceable, legal, valid and binding obligation.
- 8.1.4 It has obtained and complied with all necessary and appropriate consents, authorisations, regulations, laws and requirements for the purpose of its entry into and performance of this Agreement;



8.1.5 It has the full right and authority to disclose the details set out in the instructions to the Service Providers and to debit the accounts of each Direct Debit Payer specified in Direct Debit Instructions in the sums and at the times set out in instructions;

8.1.6 It will adhere to the rules and regulations of the DDACC system of Zambia.

9 DURATION AND TERMINATION

9.1 The Service Provider or the Bank may terminate this Agreement upon 30 days prior written notice, (or in the case of a material breach of this Agreement upon 5 days prior written notice).

9.2 Notwithstanding Clause 9.1 either the Bank or the Service Provider may terminate this Agreement by notice to the other party with immediate effect if there is in the bank's or the Service Provider's reasonable opinion any material change in the law regulatory reporting requirements or accounting or tax treatment in connection with, or the regulation of the DD or if in the Bank's reasonable opinion it is unable to carry out the DD Services due to any Service Provider terminating its obligation to carry out the DD Services.

9.3 On termination of this Agreement the Service Provider will return to the Bank all related information and equipment supplied by the Bank or any Bank' appointed agent within reasonable period.

9.4 Notwithstanding any such termination, the indemnity contained in Clause 7 and the obligations of the Service Provider under Clause 65.11 shall survive such termination.

10 GENERAL

10.1 Neither the Service Provider nor the Bank may assign or transfer any of its rights or obligations under this Agreement without the other's written consent, which will not be unreasonably withheld or delayed, provided that the Bank may make such an assignment or transfer to a branch, subsidiary or affiliate if it does not materially affect the provision of the DD Services to the Service Provider.

10.2 If any provision of this Agreement becomes illegal, invalid or unenforceable under any applicable law, the remaining provisions of this Agreement will remain in full force and effect (as will that provision under any other law).

10.3 No failure or delay of the Service Provider or the Bank in exercising any right or remedy under this Agreement will constitute a waiver of that right. Any waiver of any right will be limited to the specific instance.

10.4 The Bank and each Bank's appointed agent will treat information relating to the Service Provider as confidential but (unless consent is prohibited by law) the Service Provider consents to the transfer and disclosure by the Bank or any Bank's appointed agent of any information relating to the Service Provider to and between the branches, subsidiaries, representative offices, affiliates and agents of the Bank and third parties selected by any of them, wherever situated, for confidential use in connection with the provision of the DD Services and for data processing, statistical and risk analysis purposes. The Bank and any branch, subsidiary, representative office, affiliate agent or third party may transfer and disclose any such information as required by any law, court, regulator or legal process.

10.5 The Service Provider and the Bank consent to telephonic or electronic monitoring or recording for security and quality of service purposes and agree that any of them may produce telephonic or electronic recordings or computer records as evidence in any proceedings brought in connection with this Agreement.



- 10.6 Written notice shall be effective if delivered to the Service Provider's principal business address (or at any other address it may provide by written notice for this purpose). Notices shall be in English unless otherwise agreed.
- 10.7 Except as otherwise provided herein, this Agreement may be modified only in writing signed by the Bank and the Service Provider. This Agreement constitutes the entire agreement with respect to the DD services and supersedes any prior or contemporaneous oral or written agreements signed by the Bank and the Service Provider.
- 10.8 This Agreement and any portion thereof may be executed in counterparts.
- 11 **LAW; JURISDICTION; IMMUNITY**
- 11.1 This Agreement shall be governed by and interpreted under the Laws of Zambia.
- 11.2 Each of the Service Provider and the Bank waives any right it may have to immunity from legal proceedings or execution.



APPENDIX VIII – VALID CIC AND EFT CODES

1 General Record Codes

1.1 Control Record Codes

Code 00, 88 and 99 reserved for Header, Control Voucher and Trailer codes

Code	Description
00	Header Record
88	Control Voucher
99	Trailer Record

1.2 Control Voucher Types

Code 50 to 59 reserved for Control Voucher type Codes

Code	Description
50	EJ Presentment
51	EJ Unpaid
52	EFT Direct Credits
53	EFT Direct Debits
54	EFT Unpaid
55	EFT Unapplied
56	EFT Direct Debit Reversal
57	EFT Direct Debit Unpaid Reversal
58	EFT Direct Credit Reversal
59	EFT Direct Credit Unapplied Reversal

1.3 File Types

Code 30 to 50 reserved for Files Types

Code	Description
30	Electronic Journal (EJ) File
32	EJ Reversal File
33	Discrepancy File
34	EFT Debit File
35	EFT Credit File
36	EFT Debit Reversal File
37	EFT Credit Reversal File
38	Interbank Net Settlement File
39	Consolidated Net Settlement File
40	EFT ZRA File
41	EFT RTGS File



1.4 Currency Code

Code 60 to 79 reserved for Currency Codes

Code	Description	Currency Name
60	ZMK	Old Zambian Kwacha
61	USD	United States Dollar
62	GBP	United Kingdom Pound
63	EUR	Euro
64	ZAR	South African Rand
65	BWP	Botswana Pula
66	MWK	Malawi Kwacha
67	MZN	Mozambique Metical
68	NAD	Namibia Dollar
69	ZMW	Zambian Kwacha
70-79	Reserved for future use	

1.5 Charges and Fines

Code 400 to 450 reserved for Charges and Fines

CODE	INTERPRETATION
400	Invalid Account details in codeline or no codeline
401	Inter-bank Remittance Commission
402	Standard charge
403	Exception charge
404	Unpaid/Unapplied charge
405	Totals Error fine
406	Wrong Stamp fine
407	Clearing House fine
408 - 450	Reserved for future use



2 CIC Record Codes

2.1 CIC Presentment Types

Code 300 to 310 reserved for Presentment Types

Code	Description
300	Normal Presentment
301	Re-presentment
302 - 310	Reserved for future use

2.2 Voucher Transaction Codes

Code 01 to 19 reserved for Voucher Transaction Codes

Code	Description
01	Government Cheques
02	No allocation
03	No allocation
04	No allocation
05	No allocation
06	No allocation
07	No allocation
08	No allocation
09	No allocation
10	Personal Cheque which must be presented through Interbank Clearing
11	Corporate Cheque which must be presented through Interbank Clearing
12	Banker's Payment / Manager's Payment
14	No allocation
15	Zambian Travellers Cheque (Kwacha)
16	No allocation
17	No allocation
18	Promissory Notes; (similar in effect to a post-dated cheque)
19	No allocation



2.3 Return Reason Codes for CIC

Code 000 to 199 reserved for Return Reason Codes

CODES		APPLICABLE TO
Code	Description	Unpaid
000	No allocation	
001	Account Closed	Y
002	Amount Wrongly Captured	Y
003	Free – matched	N
004	Payer deceased	Y
005	Endorsement Irregular	Y
006	Unable to clear (only when bank is closed and/or locked out of the clearing order)	Y
007	Payment stopped by the drawer	Y
008	No allocation	
009	Presentation Overdue	Y
010	Account Frozen	Y
013	Refer to Drawer – Insufficient funds	Y
016	Refer to Drawer - Winding up petition presented.	Y
017	No allocation	Y
018	MICR Code line data and MICR Code Line Image Details Differ	Y
019	No account (OR wrong account type)	Y
020	Account transferred	Y
021	Confirmation Required (Applicable to BOZ only)	Y
022	Cheques printed by unauthorised printers	Y
023	Wrongly Delivered	Y
024	Undersize Image / Image below minimum Computer image size	Y
025	Excessive Image Skew	Y
026	Piggy-Back Image	Y
027	Oversize Image / Image above maximum computer image size	Y
028	Horizontal streaks in Image	Y
029	Image digital signature does not match	Y
030	Time Barred	Y
031	Image of Defaced cheque	Y
032	Image too light or too dark	Y
033	Image Digital Signature Missing	Y
034	Image Fails Digital Signature Check	Y
035	Can't read Image Date	Y
036	Can't read Image Amount	Y
037	Can't read Image Drawer Name	Y
038	Can't read Image MICR code line	Y
039	Cheque Unpaid because of suspected Criminal Activity	Y
040	Date expired - Cheque stale	Y
041	Cheque Post-dated	Y
042	Date Irregular	Y



043	Can't read Image Payee Name	Y
044	Can't read Image Signature	Y
045	Image Out of Focus	Y
046	Payee Name Incomplete	Y
047	Payee Name Irregular	Y
048	Excessive spot noise in Image	Y
049	Amount in Words and figures differ	Y
050	Amount in words required	Y
051	Amount in figures required	Y
052	Amount in figures irregular (or incomplete)	Y
053	Banks Crossing Stamp Required	Y
054	Cheques crossed to two banks	Y
055	Crossing Irregular	Y
056	Endorsement requires bank's confirmation	Y
057	Drawer's endorsement Required	Y
058	Signature Differs from specimen held	Y
059	Drawer's Signature Required	Y
060	Alteration, requires drawers signature	Y
061	Payee's name required	Y
065	Amount differs between Image and Data file	Y
076	Advance notice disputed	Y
079	Name of Account missing on Image	Y
080	Amount not yet due	Y
081	Wrong Return reason code used	Y
082	Unpaid record does not match original presentment record	Y
083	Cheque not issued by bank	Y
084	Duplicate Cheque presented	Y
085	Wrong currency used	Y
086	Multiple return reasons on the cheque	Y
086-199	Reserved for future use	



3 EFT Record Codes

3.1 EFT Transaction Types

Code 200 to 299 reserved for EFT Transaction Types

Code	Description
200	Salary
201	Wage
202	Pension Monthly
203	Pension Lump sum
204	Property Rent
205	Water Bill
206	Electricity Bill
207	Phone Bill
208	Medical Bill
209	Television Bill
210	Insurance Premium
211	Money Transfer
212	VAT Payment
213	PAYE Payment
214	Company tax
215	PAYE
216	Withholding taxes/Dividends
217	Mineral royalty
218	Rural Electrification Levy
219	Fuel levy
220	Carbon Tax
221	Trade taxes
222	Import VAT
223	Customs duty
224	Export duty
225	Windfall
226	Dividend
227	Loan Installment
228	Lease Rental
229	Rates
230	School Bill
231-299	Reserved for future use



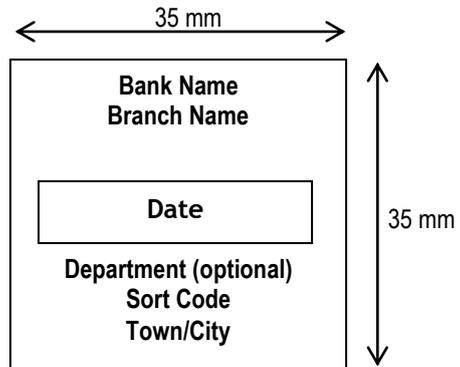
3.2 Return Reason Codes for EFT

CODES		APPLICABLE TO	
Code	Description	Unpaid	Unapplied
001	Account Closed	Y	Y
004	Payer deceased	Y	Y
006	Unable to clear (only when bank is closed and/or locked out of the clearing order)	Y	Y
009	Presentation Overdue	Y	N
010	Account Frozen	Y	Y
013	Refer to Drawer due to lack of funds	Y	Y
019	No account (OR wrong account type)	Y	Y
020	Account transferred	Y	Y
023	Wrongly Delivered	Y	Y
030	Time Barred	Y	Y
070	No mandate held	Y	N
071	Mandate cancelled	Y	N
072	Service Provider differs	Y	Y
073	Invalid account type	Y	Y
074	Bank will not accept Direct Debits on account	Y	N
075	Mandate has expired	Y	N
076	Advance notice disputed	Y	N
078	Debit in Excess of Direct Debit Authority	Y	N
079	Name of Account Required	Y	Y
080	Amount not yet due	Y	N
081	Wrong Return reason code used	Y	Y
082	Unpaid record does not match original presentment record	Y	N
083-199	Reserved for future use		



SCHEDULE I – SPECIFICATIONS FOR BANK STAMPS

Standard size 35 mm x 35 mm





SCHEDULE II – BANK BRANCH AREA SORT CODES

Bank Of Zambia	00			
Lusaka	00	00	01	
Ndola	00	01	02	
	Bank	Area	Branch	
Zambia National Commercial Plc	01			
Head Office	01	00	01	
International Banking	01	00	02	
Lusaka Business Centre	01	00	03	
Kawambwa	01	21	04	
Petauke	01	43	05	
Mfuwe	01	26	06	
Human Resources	01	00	07	
Chisamba	01	45	08	
Mkushi	01	23	09	
Head Office Processing Centre	01	00	16	
Kitwe Clearing Centre	01	02	17	
Treasury	01	00	18	
Cairo Business Centre	01	00	40	
Lusaka North end	01	00	41	
Ndola Business Centre	01	01	42	
Mufulira	01	05	43	
Livingstone	01	10	44	
Kitwe Obote	01	02	45	
Kabwe	01	09	46	
Mazabuka	01	36	47	
Mansa	01	19	48	
Chingola	01	03	49	
Government Business Centre	01	00	50	
Mongu	01	31	51	
Lusaka Centre	01	00	52	
Lusaka Kwacha	01	00	53	
Ndola West	01	01	54	
Debt Recovery	01	00	55	
Kitwe Industrial	01	02	56	
Monze	01	37	57	
Kafue	01	34	58	
Choma	01	12	59	
Chipata	01	11	60	
Kapiri Mposhi	01	24	61	
Kasama	01	08	62	
Luanshya	01	07	63	
Ndola Industrial	01	01	64	
Mpika	01	18	65	



Lusaka Premium House	01	00	66	
Lusaka Civic Centre	01	00	67	
Solwezi	01	28	68	
Siavonga	01	38	69	
Maamba	01	40	70	
Lundazi	01	25	71	
Namwala	01	33	72	
Avondale	01	00	73	
Lusaka City Market	01	00	74	
North mead	01	00	75	
Manda Hill	01	00	78	
Itezhi-Tezhi	01	47	79	
Senanga	01	51	81	
Chirundu	01	35	82	
Xapit	01	00	83	
Government Complex	01	00	84	
Woodlands	01	00	85	
Acacia Park Branch	01	00	86	
Nakonde	01	15	96	
	Bank	Area	Branch	
Barclays Bank Zambia Plc	02			
Head Office	02	00	01	
Head Office -Elunda	02	00	02	
Chingola & Chingola Prestige	02	03	03	
Chipata	02	11	04	
Choma	02	12	05	
Kabwe	02	09	06	
Kafue	02	34	07	
Lusaka - Kamwala	02	00	08	
Kitwe Business Centre	02	02	09	
Kitwe Chimwemwe	02	02	10	
Kapiri Mposhi	02	24	11	
Livingstone & Livingstone Prestige	02	10	12	
Luanshya	02	07	13	
Lusaka Northend	02	00	14	
Lusaka - Matero	02	00	15	
Lusaka Business Centre	02	00	16	
Lusaka Longacres & Prestige	02	00	17	
Chilenje	02	00	18	
Lusaka - Industrial	02	00	19	
Mansa	02	19	20	
Mazabuka	02	36	21	
Mfuwe	02	26	22	
Mufulira	02	05	23	
Monze	02	37	24	
Ndola Business Centre	02	01	25	
University of Zambia Lusaka	02	00	26	
Kalomo	02	41	27	
Katete	02	49	28	
Solwezi	02	28	29	



Petauke	02	43	30	
Lundazi	02	25	31	
Kasama	02	08	32	
Lusaka - Soweto	02	00	33	
Mumbwa	02	53	34	
Mongu	02	31	35	
Lusaka Chelston & Airport Agency	02	00	36	
Chongwe	02	46	37	
Mkushi	02	23	38	
Ndola Operations Processing Centre	02	01	39	
Nakonde	02	15	40	
Kitwe Parklands Center	02	02	41	
Chirundu	02	35	42	
Kabwata	02	00	43	
Lusaka - Chawama	02	00	44	
Mpika	02	18	45	
Ndola - Masala	02	01	46	
Chambishi	02	52	47	
Kalulushi	02	06	48	
Lusaka Operations Processing Centre	02	00	50	
Mbala	02	14	51	
Kitwe Operations Processing Centre	02	02	52	
Chililabombwe	02	04	53	
Lusaka Kabelenga	02	00	54	
Elunda Premium Banking Centre	02	00	55	
Manda Hill	02	00	49	
	Bank	Area	Branch	
Citibank Zambia Ltd	03			
Lusaka	03	00	01	
Ndola	03	01	02	
Mcommerce Branch	03	00	03	
	Bank	Area	Branch	
Stanbic Bank Zambia Ltd	04			
Head Office	04	00	00	
Lusaka	04	00	02	
Lusaka Industrial	04	00	07	
Mkushi	04	23	08	
Ndola Main	04	01	03	
Ndola South	04	01	05	
Kitwe	04	02	06	
Chingola	04	03	09	
Arcades	04	00	10	
Matero	04	00	11	
Solwezi	04	28	12	
Mazabuka	04	36	13	
Mufulira	04	05	14	



Mulungushi	04	00	15	
Chipata	04	11	16	
Livingstone	04	10	17	
Choma	04	12	18	
Lumwana	04	48	21	
Kabwe	04	09	22	
Soweto	04	00	23	
Chisokone	04	02	24	
Chambishi	04	52	25	
	Bank	Area	Branch	
Standard Chartered Bank Zambia Plc	06			
Customer Services Centre	06	00	02	
Financial Control	06	00	11	
Kasama	06	08	13	
Kabulonga	06	00	14	
Cross Roads	06	00	15	
Lusaka Main	06	00	17	
Livingstone	06	10	18	
Mazabuka	06	36	19	
Jacaranda Mall Branch	06	01	20	
Levy Park Branch	06	00	21	
Zambia Way	06	02	28	
Manda Hill	06	00	30	
Luanshya	06	07	32	
Chingola	06	03	36	
Choma	06	12	37	
Mongu	06	31	48	
North end	06	00	43	
Chililabombwe	06	04	44	
Buteko	06	01	71	
Solwezi	06	28	16	
	Bank	Area	Branch	
Indo Zambia Bank Ltd	09			
Head Office	09	00	00	
Lusaka Main	09	00	01	
Chilanga	09	00	03	
Kamwala	09	00	04	
North end	09	00	05	
Kabwe	09	09	06	
Ndola	09	01	07	
Kitwe	09	02	08	
Chingola	09	03	09	
Livingstone	09	10	10	
Lusaka Industrial	09	00	11	
Chipata	09	11	12	
Chawama	09	00	13	
Manda Hill Branch	09	00	14	



Nyimba Branch	09	54	15	
Chandwe Musonda	09	00	16	
Kasumbalesa Branch	09	04	17	
Choma Branch	09	12	18	
Solwezi	09	28	19	
Kasama	09	08	20	
Chinsali	09	17	21	
Jacaranda Mall	09	01	22	
Crossroads Shopping Mall	09	00	23	
	Bank	Area	Branch	
Finance Bank Zambia Ltd	11			
Head Office	11	00	00	
Lusaka Corporate	11	00	01	
Ndola Corporate	11	01	02	
Kitwe	11	02	03	
Kasama	11	08	04	
Choma	11	12	05	
Longacres	11	00	06	
Kamwala	11	00	07	
Chipata	11	11	08	
Arcades	11	00	09	
Kalomo	11	41	10	
Serenje	11	22	11	
Samfya	11	20	12	
Chirundu	11	35	14	
Sesheke	11	32	17	
Mwinilunga	11	27	18	
Kabompo	11	29	19	
Nakonde	11	15	20	
Mbala	11	14	21	
Solwezi	11	28	22	
Livingstone	11	10	23	
Monze	11	37	24	
Kabwe	11	09	25	
Mpika	11	18	26	
Isoka	11	16	27	
Chinsali	11	17	28	
Mpulungu	11	13	29	
Kaoma	11	44	30	
Chingola	11	03	15	
Katete	11	11	16	
Mufulira	11	05	13	
Luanshya	11	07	31	
Down Town	11	00	32	
Industrial	11	00	33	
Kasumbalesa	11	04	34	
	Bank	Area	Branch	
Cavmont Bank Ltd	13			
Head Office	13	00	00	



Lusaka Square	13	00	01	
Lusaka South end	13	00	02	
Ndola	13	01	03	
Chingola	13	03	04	
Mbala	13	14	05	
Mpulungu	13	13	06	
Kitwe	13	02	07	
Kalingalinga	13	00	09	
Tazara	13	00	10	
Mansa	13	19	11	
Garden	13	00	12	
Kasama	13	08	13	
Chipata	13	11	14	
Solwezi	13	28	15	
Mufumbwe	13	54	16	
Makumbi	13	00	17	
Mwense	13	55	18	
Intermarket Banking Corporation (Zambia) Ltd	15			
Head Office	15	00	00	
Lusaka	15	00	01	
Kitwe	15	02	02	
Independence Avenue	15	00	03	
Chawama	15	00	14	
Nipa Agency	15	00	15	
Soweto	15	00	16	
Manda Hill	15	00	17	
	Bank	Area	Branch	
Investrust Bank Plc	17			
Lusaka	17	00	01	
Kitwe	17	02	02	
Chipata	17	11	03	
Luangwa	17	11	04	
Arcades	17	00	05	
Savings Center	17	00	06	
Chililabombwe	17	04	07	
Solwezi	17	28	08	
Lumwana	17	48	09	
Livingstone	17	10	10	
Odys Branch	17	00	11	
Lusaka Industrial Branch	17	00	12	
Soweto Branch	17	00	13	
Kafue Road Branch	17	00	14	
Chirundu Branch	17	35	15	
Manda Hill Branch	17	00	16	
Mulungushi Branch	17	00	17	
Levy Business Branch	17	00	18	



Kabwe	17	09	19	
Choma Branch	17	12	20	
Head Office Branch	17	00	99	
President Avenue	17	01	21	
Mumbwa Road Branch	17	00	22	
Buteko Branch	17	01	23	
Mongu Branch	17	31	24	
	Bank	Area	Branch	
The United Bank of Zambia Limited	18			
Lusaka	18	00	01	
Kitwe	18	02	02	
	Bank	Area	Branch	
Bank Of China (Zambia) Ltd	19			
Lusaka	19	00	01	
Kitwe	19	02	02	
	Bank	Area	Branch	
BancABC Zambia Ltd	20			
Head Office	20	00	00	
Pyramid Plaza	20	00	01	
Kitwe Branch	20	02	02	
Ndola	20	01	03	
Lumumba Branch	20	00	04	
Livingstone	20	10	06	
Kasumbalesa	20	04	07	
Mansa Branch	20	19	09	
Chinsali Branch	20	17	10	
Mongu	20	31	11	
Chipata Branch	20	11	19	
Chingola Branch	20	03	18	
Kasama	20	08	17	
Findeco House	20	00	21	
Kabwe	20	09	13	
AB Bank Zambia Limited	21			
	Bank	Area	Branch	
Head Office	21	00	00	
Main Cairo Road Branch	21	00	01	
Chilenje Branch	21	00	02	
Matero	21	00	03	
Kalingalinga Branch	21	00	04	
	Bank	Area	Branch	
First National Bank Zambia Limited	26			
Commercial Suite Lusaka	26	00	01	
Industrial Branch	26	00	02	



Ndola Branch	26	01	03	
Head Office Lusaka	26	00	05	
Electronic Banking Branch	26	00	06	
Kitwe	26	02	12	
Mazabuka	26	36	13	
Manda Hill	26	00	14	
Makeni Mall	26	00	16	
Jacaranda Mall	26	01	18	
Mkushi	26	23	19	
Solwezi	26	28	23	
Chingola	26	03	22	
Chipata	26	11	21	
	Bank	Area	Branch	
First Capitalbank/International Commercial Bank Zambia Limited	28			
Head Office	28	00	00	
Industrial Branch	28	00	01	
Cairo Branch	28	00	02	
Lusaka Main Branch	28	00	03	
	Bank	Area	Branch	
First Alliance Bank Zambia Ltd	34			
Lusaka Main	34	00	01	
Ndola	34	01	03	
Kitwe	34	02	04	
Lusaka Head Office	34	00	05	
Industrial Branch	34	00	06	
	Bank	Area	Branch	
Access Bank Zambia Limited	35			
Head Office	35	00	00	
Northend	35	00	01	
Longacres	35	00	02	
Arcades	35	00	03	
Ndola Broadway	35	01	04	
Kitwe	35	02	05	
	Bank	Area	Branch	
Ecobank Zambia Limited	36			
Head Office	36	00	01	
Thabo Mbeki	36	00	02	
Cairo Road	36	00	03	
Woodlands	36	00	04	
Kitwe	36	02	05	
Chibombo	36	55	06	
Industrial Branch	36	00	07	



Copperbelt University	36	02	08	
Ndola Branch	36	01	09	
	Bank	Area	Branch	
United Bank For Africa	37			
Head Office	37	00	99	
Head Office Branch	37	00	01	
Kamwala	37	00	02	
Cairo	37	00	03	
Kitwe	37	02	04	

AREA CODES				
AREA	CODE			
LUSAKA	00			
NDOLA	01			
KITWE	02			
CHINGOLA	03			
CHILILABOMBWE	04			
MUFULIRA	05			
KALULUSHI	06			
LUANSHYA	07			
KASAMA	08			
KABWE	09			
LIVINGSTONE	10			
CHIPATA	11			
CHOMA	12			
MPULUNGU	13			
MBALA	14			
NAKONDE	15			
ISOKA	16			
CHINSALI	17			
MPIKA	18			
MANSA	19			
SAMFYA	20			
KAWAMBWA	21			
SERENJE	22			
MKUSHI	23			
KAPIRI MPOSHI	24			
LUNDAZI	25			
MFUWE	26			
MWINILUNGA	27			
SOLWEZI	28			
KABOMPO	29			
ZAMBEZI	30			
MONGU	31			
SESHEKE	32			



NAMWALA	33			
KAFUE	34			
CHIRUNDU	35			
MAZABUKA	36			
MONZE	37			
SIAVONGA	38			
CHISEKESI	39			
MAAMBA	40			
KALOMO	41			
ZIMBA	42			
PETAUKE	43			
KAOMA	44			
CHISAMBA	45			
CHONGWE	46			
ITEZHI-TEZHI	47			
LUMWANA	48			
KATETE	49			
SINAZONGWE	50			
SENGA	51			
CHAMBISHI	52			
MUMBWA	53			
MUFUMBWE	54			
MWENSE	55			



SCHEDULE III - ELECTRONIC NOTICE PERIOD, GIVING OF VALUE AND RETURN FOR BILATERAL CLEARING

	AREA	VALUE GIVEN AT START OF DAY	NOTICE OF UNPAID CHEQUES (YUFIG) (BY 16.00 HOURS)	SETTLEMENT TIME (BY 10:00 HOURS)
(i)	Between branches in the major centers in the same zone e.g. Lusaka, Copperbelt, Chipata, Choma, Kasama, Kabwe etc	Day 5	Day 3	Day 4
(ii)	Between Lusaka and major centers on the Copperbelt and Southern zones e.g. Lusaka and Chililabombwe, Lusaka and Kalulushi, Lusaka and Mazabuka, Lusaka and Choma, Lusaka and Livingstone etc.	Day 6	Day 4	Day 5
(iii)	Between branches in all Provincial Centres in different zones e.g. between Kasama and Chipata, Kabwe and Chipata, Ndola and Mongu, Solwezi and Mansa etc (except Lusaka and major centers on the Copperbelt and in Southern zone)	Day 8	Day 6	Day 7
(iv)	Between non-Lusaka branches and branches in other zones e.g. Mufulira and Lundazi, Livingstone and Isoka, Chinsali and Namwalaetc	Day 12	Day 10	Day 11



SCHEDULE IV – ZECH CLEARING SESSIONS, CLEARING, SETTLEMENT AND CONFIRMATION TIMES

DIRECT DEBIT AND CREDIT CLEARING			
CLEARING SESSIONS	TRANSMISSION END TIME	SETTLEMENT TIMES	BANK OF ZAMBIA CONFIRMATION TIMES
ONE	08.00 TO 9.30 HRS	10.00 HRS	10.30 HRS
TWO	10.00 TO 11.30 HRS	12.00 HRS	12.30 HRS
THREE	12.00 TO 13.30 HRS	14.00 HRS	14.30 HRS
FOUR*	14.00 TO 15.00 HRS	15.30 HRS	16.30 HRS

* Session Four is restricted to clearing credit transactions only. No debit transaction shall be sent in this session.

CHEQUE IMAGE CLEARING					
CLEARING SESSIONS	TRANSMISSION END TIME	TRANSMISSION OF SETTLEMENT FIGURES TO BOZ	SETTLEMENT ON THE RTGS	CONFIRMATION OF SETTLEMENT BY BOZ	TRANSMISSION OF YUFIG MESSAGES
One	14:00 hours	14:30 hours	15:00 hours	15:30 hours	By 10:00 hours (the following business day)
Sub-Session 1	09:00 hours				
Sub-Session 2	10:00 hours				
Sub-Session 3	11:00 hours				
Sub-Session 4	12:00 hours				
Sub-Session 5	13:00 hours				
Sub-Session 6	14:00 hours				

BILATERAL CLEARING				
CLEARING SESSIONS	DELIVERY TIMES	CUT-OFF-TIMES	SETTLEMENTS TIMES	BANK OF ZAMBIA CONFIRMATION TIMES
One	09:00 hrs – 16:30 hrs	16:30 hrs	10:00 hrs on the day of settlement (day 4, 5, 7 or 11)	10:30 hrs



SCHEDULE V – MAXIMUM ELECTRONIC NOTICE PERIOD AND RETURN OF ITEMS

Maximum electronic notice periods and return of unpaid Cheque Image items drawn and collected on branches

a) **Cheques Deposited BY 12:00 hours:**

AREA	CHEQUE IMAGE INSTRUMENT (VALUE GIVEN AT 12:00 HRS OF DAY)	ELECTRONIC NOTICE (BY 10.00 HOURS)
All towns	Day 2	Day 2

ACTIVITY		TIME	DAY
For Cheques deposited BY 12:00 hours			
1	Customers deposit cheques at Collecting Banks	By 12:00 hours	One (say Monday)
2	Collected cheque image is Out-cleared electronically through the ZECH.	14:00 hours	One (Same Day Monday 14:00 hours)
3	ZECH distributes images of cheques to Paying Banks	Up to 14:30 hours	One (Same Day Monday)
4	Paying Banks receive on-us Cheque Images of cheques from other participants via the ZECH	14:30 hours	One (Same Day Monday)
5	Paying Banks update customers' accounts	14:30 hours to 24:00 hours	One (Same Monday at close of day)
6	Fating of payment instruments (cheque images)	14:30 hours of Day One to 10:00 hours of Day Two	One (Say Monday from 15:00 hours) to Two (say Tuesday before 10:00 hours)
7	Paying Bank advises Collecting Bank by Electronic Notification of all unpaid items (YUFIG)	Not later than 10:00 hours	Two (Say Tuesday)
8	Collecting Bank updates customers' accounts on the basis of YUFIG messages	Not later than 12:00 hours	Two (Say Tuesday)
9	Customers receive value (cleared irrevocable credit)	12:00 hours	Two (Say Tuesday)
10	Paying Bank Out-clears unpaid items.	By 14:00 hours	Three (Say Wednesday)
11	Collecting Bank collects unpaid items from paying banks via the ZECH	14:30 Hours	Three (Say Wednesday)
Session One Settlement			
12	Transmission of Session One Settlement figures to BOZ	14:30 hours	One (say Monday)
13	Session One Settlement on the RTGS	15:00 hours	One (say Monday)
14	Confirmation of Session One Settlement by BOZ	15:30 hours	One (say Monday)



b) Cheques Deposited AFTER 12:00 hours:

AREA	CHEQUE IMAGE INSTRUMENT (VALUE GIVEN AT 12:00 HRS OF DAY)	ELECTRONIC NOTICE (BY 10.00 HOURS)
All towns	Day 3	Day 3

ACTIVITY		TIME	DAY
For Cheques deposited BY 12:00 hours			
1	Customers deposit cheques at Collecting Banks	By 12:00 hours	Two (say Tuesday)
2	Collected cheque image is Out-cleared electronically through the ZECH.	14:00 hours	Two (Tuesday 14:00 hours)
3	ZECH distributes images of cheques to Paying Banks	Up to 14:30 hours	Two (Tuesday)
4	Paying Banks receive on-us Cheque Images of cheques from other participants via the ZECH	14:30 hours	Two (Tuesday)
5	Paying Banks update customers' accounts	14:30 hours to 24:00 hours	Two (Tuesday at close of day)
6	Fating of payment instruments (cheque images)	14:30 hours of Day Two to 10:00 hours of Day Three	Two (Say Tuesday from 15:00 hours) to Three (say Wednesday before 10:00 hours)
7	Paying Bank advises Collecting Bank by Electronic Notification of all unpaid items (YUFIG)	Not later than 10:00 hours	Three (Say Wednesday)
8	Collecting Bank updates customers' accounts on the basis of YUFIG messages	Not later than 12:00 hours	Three (Say Wednesday)
9	Customers receive value (cleared irrevocable credit)	12:00 hours	Three (Say Wednesday)
10	Paying Bank Out-clears unpaid items.	By 14:00 hours	Four (Say Thursday)
11	Collecting Bank collects unpaid items from paying banks via the ZECH	14:30 Hours	Four (Say Thursday)
Session One Settlement			
12	Transmission of Session One Settlement figures to BOZ	14:30 hours	Two (say Tuesday)
13	Session One Settlement on the RTGS	15:00 hours	Two (say Tuesday)
14	Confirmation of Session One Settlement by BOZ	15:30 hours	Two (say Tuesday)



SCHEDULE VI – CENTRES AND LOCATIONS

LIST OF CENTRES AND THEIR LOCATION

CENTRE	LOCATION
NDOLA	COPPERBELT ZONE
KITWE	COPPERBELT ZONE
CHINGOLA	COPPERBELT ZONE
CHILILABOMBWE	COPPERBELT ZONE
MUFULIRA	COPPERBELT ZONE
KALULUSHI	COPPERBELT ZONE
LUSAKA	CENTRAL ZONE
LUANSHYA	COPPERBELT ZONE
KASAMA	NORTHERN ZONE
KABWE	CENTRAL ZONE
LIVINGSTONE	SOUTHERN ZONE
CHIPATA	EASTERN ZONE
CHOMA	SOUTHERN ZONE
MPULUNGU	NORTHERN ZONE
MBALA	NORTHERN ZONE
NAKONDE	NORTHERN ZONE
ISOKA	NORTHERN ZONE
CHINSALI	NORTHERN ZONE
MPIKA	NORTHERN ZONE
MANSA	LUAPULA ZONE
SAMFYA	LUAPULA ZONE
KAWAMBWA	LUAPULA ZONE
SERENJE	NORTHERN ZONE
MKUSHI	CENTRAL ZONE
KAPIRI MPOSHI	CENTRAL ZONE
LUNDAZI	EASTERN ZONE
MFUWE	EASTERN ZONE
MWINILUNGA	NORTH WESTERN ZONE
SOLWEZI	NORTH WESTERN ZONE
KABOMPO	NORTH WESTERN ZONE
ZAMBEZI	NORTH WESTERN ZONE
MONGU	CENTRAL ZONE
SESHEKE	SOUTHERN ZONE
ZIMBA	SOUTHERN ZONE
NAMWALA	SOUTHERN ZONE
KAFUE	CENTRAL ZONE
CHIRUNDU	CENTRAL ZONE
MAZABUKA	CENTRAL ZONE
MONZE	SOUTHERN ZONE
SIAVONGA	CENTRAL ZONE
CHISEKESI	SOUTHERN ZONE
MAAMBA	SOUTHERN ZONE
KALOMO	SOUTHERN ZONE
CHISAMBA	CENTRAL ZONE



MAJOR CENTRES	LOCATIONS
CHIPATA	EASTERN ZONE
CHILILABOMBWE	COPPERBELT ZONE
CHINGOLA	COPPERBELT ZONE
CHOMA	SOUTHERN ZONE
KASAMA	NORTHERN ZONE
KABWE	CENTRAL ZONE
KALULUSHI	COPPERBELT ZONE
KITWE	COPPERBELT ZONE
LIVINGSTONE	SOUTHERN ZONE
LUANSHYA	COPPERBELT ZONE
LUSAKA	CENTRAL ZONE
MAZABUKA	CENTRAL ZONE
MKUSHI	CENTRAL ZONE
MUFULIRA	COPPERBELT ZONE
NDOLA	COPPERBELT ZONE



SCHEDULE VII – ZECHL MAXIMUM CHARGES

	Description	Penalty
1	Charges for incorrect out-clearing (sending items to a wrong bank)	ZMW5.00 per item
2	Re-presentments of cheques with answer "Refer to Drawer".	ZMW100.00 per item
3	Wrong Stamping	ZMW5.00 per item
4	Cheque Printing Errors	ZMW5.00 per item
5	Cheques printed by unauthorized printers	ZMW100,000 per each printer used
6	Cheque Designs and Printing not meeting the ZPC&M Specifications	Withdrawal of accreditation to print cheques for banks in Zambia from the defaulting printer
7	Delayed Credit	As per Clauses 43 and 62 – Compensation for Undue Enrichment
8	Late Settlement Of Bilateral Clearing	ZMW1,000.00 per outstanding settlement.
9	Delayed submission of deposited cheques	As per Clause 43 – Compensation for Undue Enrichment
10	Delayed submission of EFT file	As per Clause 62 – Compensation for Undue Enrichment
11	Incorrect Return Reason code	ZMW5.00 per item
12	Items cleared with wrong images	ZMW50.00 per item
13	Failure to send unpaid cheque images within 48 hours	ZMW50.00 per item
14	Sending Unpaid Direct Debit More Than 3 Times	ZMW50 per item
15	Failure to send EFT transactions with adequate narrations	ZMW2.00 per transaction
16	Cancellation of Yufig message by paying bank	K 200.00 per message
17	Sending Discrepancy transactions as unpaids in order to correct the wrongly captured amounts by the Collecting Bank	ZMK50.00 per item



SCHEDULE VIII - MAXIMUM CHARGES AND FEES

Charge for unpaid items for lack of funds	Shall be in accordance with directives as issued by the Bank of Zambia as per Section 43 (1) of the National Payment Systems Act No. 1 of 2007 on cheques and Direct Debits instructions that are dishonored due to insufficiently funded accounts and as amended from time to time.
Charges for post-dated cheques	The Presenting Bank to be charged K50,000 for lack of due care.



SCHEDULE X - Timetable for steps to be taken when a bank fails to settle.

Time	Steps to be taken
09.30 hours	BOZ advises ZECHL of the Member/Participating Bank's failure to settle.
09.45 hours	ZECHL advises BAZ & BOZ Governor of Member/Participating Bank's failure to settle.
10.45 hours	BAZ Chairman holds a meeting with the CEO of the defaulting Member/Participating Bank
11.45 hours	BAZ Chairman advises ZECHL and ZECH members of provisional suspension of the defaulting Member/Participating Bank. Arrange an extra-ordinary meeting of the BAZ main committee and BOZ representative.
12.00 hours	Holding of an extra-ordinary meeting of the BAZ main committee and BOZ representative. Suspension of defaulting Member/Participating Bank.
13.00 hours	BAZ advises BOZ to liquidate the defaulted (suspended) Member/Participating Bank's collateral to finalise the settlement.
14.00 hours	BOZ confirms final settlement using defaulted (suspended) Member/Participating Bank's liquidating collateral to BAZ and ZECHL.



SCHEDULE XI – RETURN REASON CODES

Unpaid Code	Reason	Circumstances	Special Instructions/ Information
01	Account closed	Payer has closed their account for an unknown reason	If the Direct Debit is to continue the Service Provider must obtain a new DDM for a different/new account
02	Account transferred	Account transferred to another bank	New DDM to be obtained from Payer, collection must be suspended until the new DDM set is up and Advance Notice issued to Payer
10	Payer deceased		
16	Funds attached	Garnishee order	
19	No account (OR wrong account type)	Account Number is not recognized at the Paying Bank	Service Provider should check DDM information and/or liaise with Payer
20	Mandate cancelled	Mandate cancelled by Payer or his bank	Service Provider must liaise with Payer to agree the payment method for collection of any outstanding funds
23	Refer to Payer	A Payer's Bank is not in a position to pay the Direct Debit, (for some reason other than the exception below). OR The service or Garnishee Order or Arrestment on the Payer's account, his bankruptcy, liquidation or appointment of receiver	Service Provider may represent up to one month from original processing day – it is recommended that the Payer is notified of this 5 working days in advance of the representation. Service Provider will need to establish from the Payer the reason for non-payment and likelihood of payment upon representation
24	Refer to drawer winding petition		
28	Advance Notice disputed	Payer disputes time, amount or frequency of Advance Notice and has requested single payment to be countermanded	Service Provider should not collect further Direct Debits until it has resolved the dispute with the Payer
29	No mandate	No mandate held with Paying Bank	Service Provider should check DDM information and/or liaise with Payer and if appropriate obtain new mandate
30	Amount differs	Payer states the amount of the Direct Debit differs from the amount in any existing fixed mandate or Advance Notice to Payer	Service Provider should not collect further Direct Debits until it has resolved the dispute with the Payer
31	Amount not yet due	Payer states date of debiting is in advance of the due date specified in any existing fixed DDM or Advance Notice to the Payer DDACC Service Providers only – It is less than 5 working days since the DDM was lodged	Service Provider should not collect further Direct Debits until it has resolved the dispute with the Payer
32	Presentation overdue	Payer states date of presentation is more than 3 working days after	Service Provider must give further Advance Notice to the Payer before



		due date on fixed DDM or Advance Notice to Payer OR Re-presentation of Unpaid Direct Debit is more than one month from original Direct Debit processing day	Direct Debit is collected
33	Service Provider differs	Identity of Service Provider differs from DDM	
34	Mandate amended	Paying Bank will advise amendment	Service Provider should collect Direct Debit using new details.
35	Mandate re-instated	Paying Bank may re-instate a cancelled DDM up to two months from cancellation	Service Provider may resume direct debiting under the reinstated mandate. However, a new DDM must be obtained and lodged if re-instatement is identified after the two month period
36	Invalid account type	Paying Bank does not allow Direct Debits on this type of account	Service Provider will need to obtain new account details from the Payer The Direct Debit cannot be applied
37	Bank will not accept Direct Debits on account	Paying Bank does not allow Direct Debits on this account	Service Provider must liaise with Payer and obtain a new DDM for a different/new account
38	Mandate has expired	Occurs when an Service Provider attempts to convert a DDM which is shown as expired on the Paying Bank's database	A DDM will be required to re-activate this DDM if collections are to resume Service Providers must ensure they have the Payer's authorization to collect under expired mandate
39	Account transferred to a different branch of the Bank	New account details supplied to the Service Provider	Service Provider must apply change to data file and continue with Direct Debit collections.
40	Duplicate / Wrongly Sent Item	A transaction that has been duplicated OR wrongly sent by either Presenting Bank or Service Provider	
41	Failure to include reasons for return by Paying Bank"	Where the Paying Bank fails to include the reason codes for returning Direct Debits	
42	Exceeds ZECH limit	Where a Collecting Bank collects an item above the Item Value Limit	



SCHEDULE VII – MEMBER/PARTICIPATING BANKS/NON-BANKS SIGNATURES

1. For Bank of Zambia

Name..... **FABIAN HARA**
Position..... **DIRECTOR BANKING CURRENCY & PAYMENT SYSTEMS**
Signature.....

2. For AB Bank Zambia Limited

Name..... **Armando H. Sirolla**
Position..... **CEO**
Signature.....

3. For Access Bank Zambia Limited

Name..... **DERE DOPEMI**
Position..... **COUNTRY OPERATING OFFICER**
Signature.....

4. For BancABC Zambia Limited

Name..... **CERRY SIMATRABA**
Position.....
Signature.....

5. For Bank of China (Zambia) Limited

Name..... **Zhou Jianjun**
Position..... **CEO**
Signature.....

6. For Barclays Bank Zambia Plc

Name.....
Position..... **Saviour M Chibiya
Managing Director
Barclays Bank Zambia Plc**
Signature.....



7. For Cavmont Bank Limited

Name..... Charles H. de Beauvoir Carey
Position..... Chief Executive Officer.
Signature.....

18-02-14

8. For Citibank Zambia Limited

Name..... Joyce Ann Wainaina
Position..... CEO
Signature.....

9. For Ecobank Zambia Limited

Name..... Esijolene Sylvia Okoroduce
Position..... Managing Director
Signature.....

10. For First Alliance Bank Zambia Limited

Name..... C. PATRO
Position..... MD.
Signature.....

11. For First Capital Bank Zambia Limited

Name..... LALIT MOHAN TEWARI
Position..... CEO
Signature.....

12. For Finance Bank Zambia Limited

Name..... Barkat Ali
Position..... M.D. & CEO
Signature.....



13. For First National Bank Zambia Limited

Name..... SAREL UAN ZYL
Position..... CEO
Signature..... *[Handwritten Signature]*

14. For Indo-Zambia Bank Limited

Name..... SHANKARDAS GUPTA
Position..... MANAGING DIRECTOR
Signature..... *[Handwritten Signature]*

15. For Intermarket Banking Corporation (Z) Limited

Name..... Robert Nikaus
Position..... Managing Director
Signature..... *[Handwritten Signature]*

16. For Investrust Bank Plc

Name..... FRIDAY C. NDZLOVU
Position..... MANAGING DIRECTOR
Signature..... *[Handwritten Signature]*

17. For Stanbic Bank Zambia Limited

Name..... CHARLES M. MUOJWA
Position..... CHIEF EXECUTIVE
Signature..... *[Handwritten Signature]*

18. For Standard Chartered Bank Zambia Plc

Name..... ANDREW FENING OICAI
Position..... MANAGING DIRECTOR / CEO
Signature..... *[Handwritten Signature]*



19. For **United Bank for Africa (Zambia) Limited**

Name..... **STANLEY UGWUEZE**

Position..... **CEO**

Signature..... 

20. For **Zambia National Commercial Bank Plc**

Name..... **BRUCE DICK**

Position..... **MD ZANACO**

Signature..... 